ANNUAL REPORT 2017

OSIRIUM

2017 highlights

ANOTHER YEAR OF STRONG RESULTS

"We have intelligently combined the latest generation of cyber-security technology which has been tried and tested by some of the world's biggest brands and public sector bodies, to help organisations drive down business costs and meet IT compliance."

CONTENTS

2017 WITH OSIRIUM AT A GLANCE

OPERATIONAL HIGHLIGHTS

- Strong progress made by building sales momentum with existing and new customers in the UK and abroad, demonstrated by invoiced sales up 123% and total revenues up 63% YoY
- A number of new blue chip customers across several new industry verticals
- A number of upsells and renewals reflecting high customer retention and increasing awareness of Privileged Access Management ("PAM")
- Our largest contract win to date with a leading global asset management company renewed for a further 12 months, with the project progressing according to plan
- Largest international contract to date with one of the leading telecommunications companies in the Middle East
- Senior sales and marketing team in place and business development directors appointed in Middle East and Germany - already producing results
- Signed distribution and reselling agreements with multiple channel partners globally including Progress Distribution (UK), Adyton (Germany, Austria & Switzerland) and Spectrami (Middle East)
- Osirium named as a 'Cool Vendor' by Gartner for Identity & Fraud Management

POST YEAR END

- Momentum has continued to grow in the first few months of 2018
- New customers signed up in Q1
- Successful Placing raising £4.2 million in March 2018, with existing and new shareholders
- Agreement signed with Progress Distribution in the UK
- Partnership with EB2BCOM to supply software in Asia Pacific
- Contract win with a global online fashion retailer
- Accelerating traction within the NHS with 3 new contract wins with the NHS
- PxM Platform now available in the Microsoft Azure Marketplace

FINANCIAL HIGHLIGHTS

TOTAL REVENUE (2016: £397,678 - 12 MONTH PERIOD):

£647,580 UP 63% YoY

TOTAL BOOKINGS (2016: £393,826 - 12 MONTH PERIOD):

£876,323 UP 123% YoY

OPERATING LOSS (2016: £1,822,497 - 14 MONTH PERIOD):

£2,296,814

in line with Management expectations and primarily reflecting increased investment in sales and marketing and additional headcount in the R&D and Customer Support teams

CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2017 (2016: £3,572,794):

£1,023,811

TOTAL REVENUE COMPARISON

£170,003 INCREASE 2016 - 2017

£647,580 (2017)

£477,577 (2016 - 14 MONTH PERIOD)

TOTAL BOOKINGS COMPARISON

£335,487 INCREASE 2016 - 2017

£876,323 (2017)

£540,836 (2016 - 14 MONTH PERIOD)

CASH AND CASH EQUIVALENTS COMPARISON

£1,165,107 INCREASE 2016 - 2017

£1,023,811 (CASH AS AT 31/12/2017)

£4,200,000 RAISED AT RECENT PLACING

£3,572,704 (CASH AS AT 31/12/2016)

"We are pleased with Osirium's performance for the year ended 31 December 2017 as the group continues to build momentum and value.

Osirium has a unique proposition and is building an increasingly strong pipeline of opportunities across a broad range of corporate sectors. Since the year end, the funds raised in March 2018 will provide us with the capital to invest further in our sales, marketing, R&D and engineering teams to ensure the Group is at the forefront and our momentum continues. As the global cyber-security market continues to grow with General Data Protection Regulation (GDPR) legislation on the horizon, Osirium is well positioned and is sufficiently differentiated to take advantage of this opportunity.

The Group has built strong foundations for the year ahead and we look forward to updating shareholders on future progress."

DAVID GUYATT, CHIEF EXECUTIVE OFFICER

IMPORTANT MILESTONES IN OSIRIUM'S HISTORY

COMPANY MILESTONES

THE ONLY UK HEADQUARTERED GLOBAL PAM AND TASK AUTOMATION INNOVATOR

Every IT estate is managed by privileged users i.e. users granted elevated control through accessing privileged accounts to ensure that the uptime, performance, resources and security of the infrastructure continually meet the needs of the business. The PxM Platform addresses both security and compliance requirements by defining who gets access to what and when.

OSIRIUM FOUNDED

2008

Incorporated in 2008 Osirium's established management team have helped thousands of organisations over 25 years to strengthen and transform their IT security posture.

£4M. RAISED VIA FUNDING ROUNDS

2011 - 2015

With funds raised Osirium has established new routes to market that will deliver the footprint for sustained growth whilst investing in its core technology building a world-class product, with five patents pending.

OSIRIUM FLOATS ON AIM

2016

Since IPO, Osirium's corporate profile has increased dramatically and business momentum continues with a footprint that now covers UK, Germany, Middle East and APAC.

CUSTOMER BASE HAS GROWN TO INCLUDE SEVERAL BLUE-CHIP ENTERPRISES

2016

Subsequently, Osirium have acquired over 30 new customers across multiple industry verticals, many of which are multi-national organisation. This includes upsells and renewals reflecting high customer retention

OSIRIUM NAMED 'COOL VENDOR' BY ANALYSTS GARTNER

2017

Osirium was included in the list of 'Cool Vendors in Identity and Fraud Management, 2017' report from Gartner, Inc, the brand continuing momentum industry recognition.

HELPING PROTECT & TRANSFORM IT SECURITY SERVICES

WHO WE ARE

GLOBAL PAM INNOVATORS

Our industry-leading product suite protects critical data from cyber attacks and internal threats.

We are the only UK headquartered, Global Privileged Access Management innovator that protects critical IT assets, infrastructures and devices by preventing targeted cyber-attacks from directly accessing Privileged Accounts, removing unnecessary access and control of Privileged Account users, deterring legitimate Privileged Account users from abusing their roles and containing the effects of a breach.

We believe that the Osirium PxM platform differentiates itself as a leader of next-generation Privileged Access Management solutions. The team has dedicated substantial resources to extend the competitive advantages of our agent free task automation capabilities, to the extent that our drive for "thought leadership" insists that automation should be at the core of any next-generation Privileged Access Management solution.

PAM BY THE NUMBERS

86%
of passwords stolen from workstations.

10%
of passwords stolen via phishing attempts.

4%
of passwords stolen via brute force attacks.

NUMBERS FROM VERIZON DBIR REPORTS

Osirium establishes a clear and definitive differentiator in the Privileged Access Management market; no other vendor has declared task automation as the key method of reducing the attack surface, delegating and automating tasks without granting access to those vulnerable privileged accounts. Automating privileged tasks using Osirium not only saves time and money but also greatly reduces the attack surface and cuts back on costly manual errors that further diminish a company's security posture. Confirmed data from a UK Mobile Telephone provider, has proved a 98% saving in time in some tasks as well as the security benefits for their managed service customers delivered through our combined Privileged Access Management and Task Automation platforms. Also, through Task Automation, human error has been removed whilst increasing the efficiency of a mix of complex, routine and mundane tasks.

WHAT WE DO

DELIVERING THE RIGHT PEOPLE THE RIGHT ACCESS AT THE RIGHT TIMES

FIGURE 1. SYSTEMS ACCESS IN AN ORGANISATION WITHOUT OSIRIUM'S PXM PLATFORM

What is Privileged Access Management (PAM)?

Privileged accounts facilitate access to and control of IT infrastructure and systems holding sensitive business data and are used by administrators to manage network infrastructure, as service accounts, or by applications to connect to one another.

We often use the phrase 'Identity In, Role Out'. By this we mean mapping identities of people to roles on systems, devices and applications. A lot more sensible operational information can be derived if you know *which* person has done *what* to *which* device and *when*.

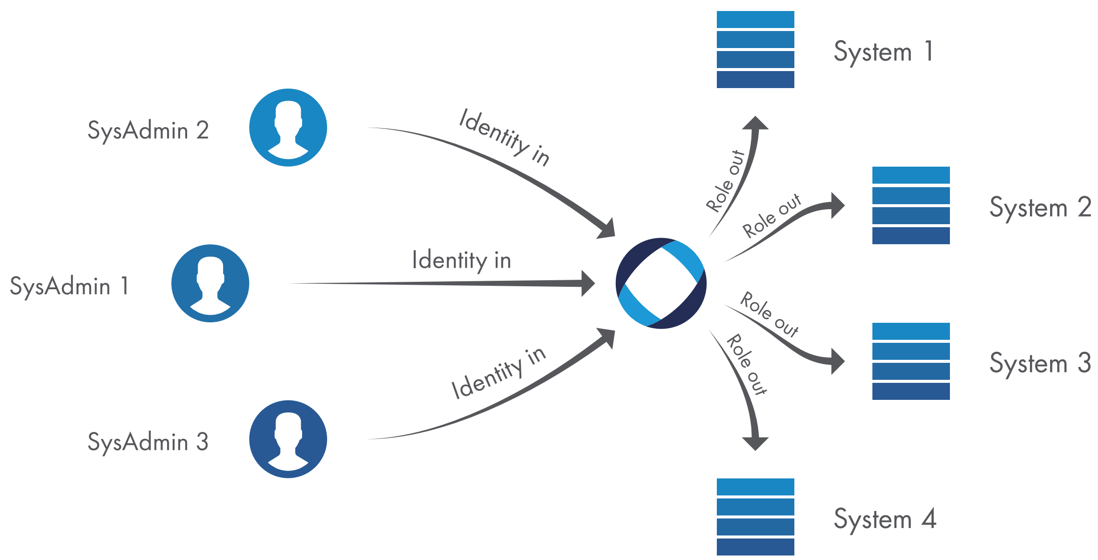

FIGURE 2. SYSTEMS ACCESS IN AN ORGANISATION WITH OSIRIUM'S PXM PLATFORM

HOW WE DO IT

OSIRIUM IS AN AWARD-WINNING, PRIVILEGED ACCESS MANAGEMENT AND CYBER-SECURITY SPECIALIST

Osirium have intelligently combined the latest generation of Cyber-Security and Task Automation technology to create the world's first, built-for-purpose, Privileged Protection and Task Automation solution for the Hybrid-Cloud world.
Implemented by some of the world's biggest brands, Osirium helps organisations drive down Business Risks, Operational Costs by introducing IT efficiency and meet IT Compliance.

OSIRIUM'S KEY STRENGTHS

OSIRIUM IS UNIQUELY POSITIONED TO TAKE ADVANTAGE OF THE GROWTH FORECAST IN THE PRIVILEGED ACCESS MANAGEMENT MARKET

100+ YEARS

Management team with combined 100+ years of cyber-security experience

$690m

Gartner estimated cyber-security spending to be $89bn in 2017, growing at 8% p.a

5

patents pending

OUR PRODUCT OFFERING

Osirium have intelligently combined the latest generation of Cyber-Security and Task Automation technology to create the world's first, built-for-purpose, Privileged Protection and Task Automation solution for the Hybrid-Cloud world. Implemented by some of the world's biggest brands, Osirium helps organisations drive down Business Risks, Operational Costs by introducing IT efficiency and meet IT Compliance.

CHAIRMAN & CHIEF EXECUTIVE'S STATEMENT

CONTINUING TO BUILD MOMENTUM AND VALUE

We are very proud to report the final results for the 12 months ended in 31 December 2017. Osirium continues to gain both mind and market share globally, highlighted by our recent results and a record pipeline of new prospects and opportunities.

The Group's focus since our IPO in April 2016, has been both on building and supporting our UK and global distribution network, and on the construction of a dedicated team to manage channel partner and existing customer relationships. Osirium has made some significant strategic steps over the last 12 months. The Group has continued to win business globally based on the quality of our products, ease of use and local presence, with a 100% renewal rate. This has been supported by upscaling our sales and marketing team with 7 new hires during the period.

In March 2018, Osirium successfully raised £4.2 million through a Placing, to strengthen the balance sheet and fund the Group's working capital requirements over the next twelve months and beyond. The proceeds will be used to invest further in Osirium's sales and marketing, while the Group's product development plans will accelerate with its plan to grow its engineering and R&D teams to provide further innovative 'next generation' additions to grasp a leadership claim on the growing billion dollar PAM market.

Osirium like any organisation is only as good as its employees. On behalf of the Board, we would like to thank the whole team for their dedication and hard work.

We remain very confident in the Group's prospects and believe Osirium has a unique proposition and is well placed to prosper as cyber-security becomes an even greater priority for corporates globally.

SIMON LEE
CHAIRMAN

RESULTS

Revenue was up £249,000 versus the same 12 month period in 2016. The revenue in each period was driven by the increase in bookings from £393,000 to £876,000 resulting in a 63% rise in total revenue for the comparable 12 month period in 2016. As of 31 December 2017, the Group had cash balances of £1,024,000, this balance has been boosted by the recent fund raise of £4,200,000.

Osirium's operating loss for the 12 months to 31 December 2017 was £2,296,814 compared with an operating loss of £1,822,497 for the 14 months ended 31 December 2016. Revenue for the 12 months was £647,580, versus £477,577 for the previous 14 month period.

The Group has also continued to increase its investment in R&D this past year. During this period, £1,254,000 has been capitalised; an increase of 53% from the previous year. The focus of this R&D investment has been on refining and further developing our next generation PAM solution, the PxM Platform, our proposition and working hard to exceed both new and prospective clients' expectations. The Group anticipates SaaS revenues to increase further during 2018 and is also targeting increased service revenues with the addition of extra consultancy resource.

DAVID GUYATT
CHIEF EXECUTIVE OFFICER

STRATEGY & MARKET

Since Osirium's IPO in April 2016, cyber-security continues to be one of the most critical business disablers, particularly where the defence of prized business data is concerned. During 2017, no sector was immune to cyber-attacks. According to UK government figures, around 46% of businesses have now suffered a digital attack. With 5.5 million companies in the UK, that is 2.2 million companies compromised in some way by a cyber-attack over the course of just 12 months. These numbers increase with the size of business, with 66% of medium-sized and 68% of large corporations subject to an attack.

The pace and volume of attacks continue to accelerate, as does the momentum from organisations both in the public and private sectors transitioning 'on-premise' IT services to the Cloud. As a result, "hybridised infrastructure" is becoming the norm, adding further security complexity because of the broad mix of access policies required and the whereabouts and criticality of their data. Migration to the Cloud is an important agenda item for most organisations, offering reduced time and costs to deploying projects. Over the period, the Group has seen significant advances in the way technology is provisioned and taken action by making PxM available on the Azure Marketplace platform, which is an online applications and services marketplace managed and operated by Microsoft.

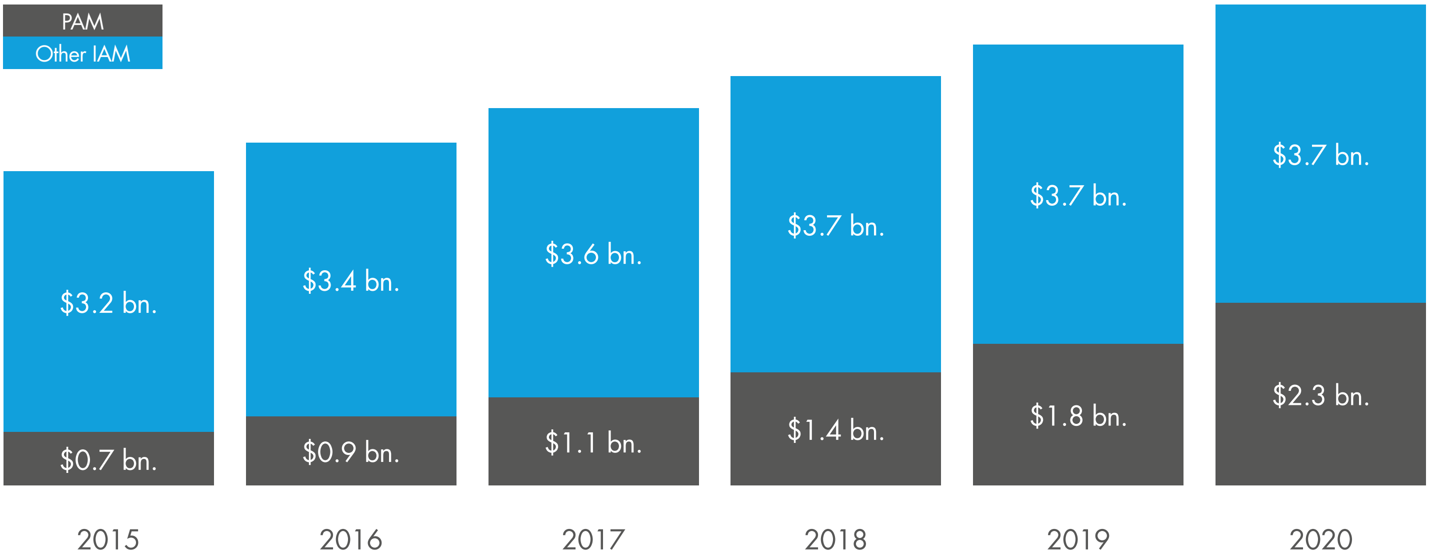

FIGURE 1. PAM IS MAINSTREAM: GLOBAL EXPENDITURE PROJECTIONS ($ BN.).

Some PAM vendors are focusing on extending their current capabilities through acquisition, resulting in some early signs of market consolidation.

Osirium's complete and "built-for-purpose" next generation PxM Platform solution is well placed for meeting today's current requirements by both being easy to deploy and simple to use. Furthermore, the Group's innovative Task Automation technology was incorporated into its PxM platform from day one to provide customers with an even more secure PAM solution, combining the unique productivity benefits of Robotic Process Automation, or RPA, while better managing the "digital workforce" through strict security, data integrity and regulatory standards. Many of Osirium's customers have already seen how the Group's Automation platform helps to improve business efficiency and processes. A recent study by one of Osirium's customers found time savings of more than 80% for their ten most common administrative tasks.

Looking not too far into the future, the Group's RPA platform will become more cognitive as machine learning triggers the next rapid wave of innovation, with software robots gaining intelligence by adapting and learning from mistakes. Analysts predict that by 2025, close to a third of jobs will be carried out by automated software and smart robots, as personnel replaced by RPA are reassigned to more important and higher cognitive tasks.

Global analyst firm Gartner has reported an increased interest in PAM solutions from small to midsize businesses, who are often unregulated, particularly in North America, with the trend noticeable in other markets. Not only are smaller businesses now able to see how they can benefit from PAM, but a range of regulatory compliance standards are driving mid-sized and mainstream business adoption, GDPR being one where organisations are faced with the threat of fines as high as 4% of revenue in the event of a data-breach, transitioning the need for cyber-security solutions such as PAM from 'nice-to-have' to 'must-have'. This remains a significant greenfield opportunity for the Group. The global growth in demand for mid-market cyber-security solutions has given way to some exciting new customer enquiries and partner acquisitions for Osirium.

Gartner has also noted a continuation of the trend where enterprises who have committed to a PAM solution for compliance reasons are now looking at extending their deployments deeper into their businesses. This directly resonates with Osirium's "land and expand" strategy which delivered significant results during the period, demonstrated by the high level of customer retention, and the Group's continued strength of account management of our growing base.

Interest in PAM tools is driven by several factors:

- Cyber-security focused legislation and regulation, including GDPR and cyber-essentials
- Increased security threats, and their scale and frequency
- Privileged Accounts remaining critical targets for cyber-attackers
- Damage to corporate reputations, and erosion of public confidence and trust
- Growth in the outsourcing of IT functions and the need to grant privileged access to third parties, including vendors, contractors, and service provider technicians
- An increasing number of Internet of Things (IoT) connected work devices,
- Evolving IT infrastructure and the need to readdress requirements for a comprehensive cyber-security strategy, particularly for critical infrastructure.

CHAIRMAN & CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

Osirium has an unparalleled focus on the PAM market. This is becoming an increasingly vital part of the overall picture that is the Identity and Access Management market, as organisations realise the importance and benefits of identifying, controlling and minimising risks from within. Privileged accounts remain critical targets for cyber criminals, and Osirium protects and manages those Privileged Account activities, denying attackers access to those primary targets.

MARKET REVIEW

Organisations' purchasing habits are moving from perimeter-securing firewalls to more complete solutions that add internal layers of security to a business. The PAM market growth remains robust and is set for continued double-digit growth. The overall PAM market also remains dominated by the sale of legacy on-premises software.

Cyber-security spending hit $89 billion in 2017, growing 8% over 2016. By 2020, organisations with PAM tools will have at least a 50% lower risk of impact by advanced threats as compared to peers without, according to Gartner. They also estimate that PAM will continue to grow at a CAGR of 27% through 2020, accounting for 2% of all cyber-security spending and 38% of the Identity and Access Management market.

"By 2020, approximately 75% of large enterprises will utilise PAM products, up from less than 40% today."

Analysts anticipate that by 2020, not only will over 40% of PAM vendors (up from the 10% today) integrate machine learning and other predictive analytics techniques into their solutions, but over half of the security failures associated with IaaS and PaaS will be directly attributable to gaping holes in security caused by a lack of PAM technology and processes. With Task Automation at the core of the PxM Platform solution, Osirium is well placed to take advantage of this maturing requirement. Leading independent Technology sector analyst firms, Gartner and IDC, value the addressable market for PAM in terms of annualised spend, at $1-2 billion, however, an authoritative bottoms-up analysis of the market based on customer lifetime value, has recently sized the market at $44 billion. Osirium believes this is a better reflection of the greenfield demand that the Group is experiencing for our products.

By 2020, approximately 75% of large enterprises will utilise PAM products, up from less than 40% today.

EXECUTING OUR STRATEGY

The Group's sales and marketing focus continues to build brand momentum, industry recognition and thought leadership. Osirium's continuing achievements in growing the brand in 2017 has led to thought leadership discussions at prestigious industry events including large corporate forums with the UK's largest broadcaster and media groups in attendance.

2017 also delivered formal recognition of our innovation from Gartner with Osirium being presented with the Cool Vendor Award for Identity and Fraud Management. The Group believes being included in Gartner's Cool Vendor report is of huge significance to our business. Seeing Osirium's PxM Platform evaluated in this report illustrates the team's dedication and innovative approach to breaking through the cyber-security newsflow with a topical niche. For Osirium, this is a company-wide achievement and the Group will certainly be enjoying the attention and benefits of becoming a Gartner Cool Vendor.

Throughout 2017, the Group focused on building a 100% channel sales organisation. This included scaling awareness, building cohesive partnerships and trust with the growing global partner community. With Osirium's reputation for high customer retention, key services have been added to the portfolio including 24/7 global support that reinforces the vision of building trusted relationships, supporting our customers anywhere and at any time.

This year, Osirium has engaged with over 24 channel partners to extend the Group's footprint, helping deploy our PAM solution and build on the results and momentum achieved in 2016.

Looking at 2018, the Group's key development areas are:

- Accelerating sales momentum and our new prospects pipeline in a rapidly growing market; we now believe PAM to be a mainstream requirement and now a "must have"
- Promoting our 'next generation PAM innovator' message supported by our goal to be a dominant mid-market cyber-security brand in a >90% greenfield market
- Continuing our low-risk overseas market development in Germany and the Middle East.
- Drive "sticky" entry level deployments to stimulate future upsell opportunities
- Scaling UK and overseas channels

to support a committed global partner base
- Investing in and strengthening our winning cyber-security leadership team
- Growing market share through rigorous pipeline management and agenda setting innovation
- Building on the success of our 'land and expand' strategy, showing customers the breadth and depth of innovation in our PxM platform
- Continuing implementation of a Global Technical Support culture and infrastructure
- Maintaining the Group's marketing momentum and evolving the Osirium brand into a confident and powerful global icon
- Continued thought leadership activity and influencing of the influencers
- Maintaining our technology leadership with four patents pending and with new routes to market continually being investigated.

NEW CUSTOMER ACQUISITIONS IN EXISTING AND NEW MARKETS

Osirium has acquired over 30 "high-profile" customers across multiple industry sectors over the years and with a number of new customers signed in Q1 2018, we expect our momentum and growth to continue. These sectors include insurance, financial services, healthcare, higher education, luxury goods, critical national infrastructure, legal, telecoms, gaming, MSP's & MSSP's, and private equity and asset management.

The Group has also made significant upsells and renewals over the period, reflecting high customer retention since 2016. 2017 saw Osirium's largest customer, a leading global asset management company, renewing for a further 12 months. The Group was also awarded its largest international contract to date with one of the leading telecommunications companies headquartered in the Middle East.

The management team has extensive experience in successfully driving mid-market channels and partner programs to scale up demand creation and pipeline volumes. Regional partnerships are now in place with trusted distribution partners including Progress Distribution in the UK with a view to extending reach in the UK with the appointment of a complementary distribution partnership. With Spectrami covering the Middle East and Adyton establishing a 'bridge-head' into Germany, the Group is confident these partnerships will continue to fuel growth. Osirium's distribution and growing reseller community are looking for technologies to drive new revenue opportunities within their businesses, and the Group expects these resellers to refer their clients to Osirium's PAM solution in response.

The Group already has an exceptional reputation with its existing customers, which include blue-chip enterprises in defence, telecommunications and the financial services sector, but Osirium plans to continue expanding into new high growth sectors.

SUMMARY AND OUTLOOK

Osirium has a unique proposition which is industry and sector agnostic and is building an increasingly strong pipeline of opportunities across a broad range of customers. The Group will continue to invest further in our sales, marketing, R&D and engineering teams to ensure Osirium is at the forefront as momentum continues. As the global cyber-security market continues to grow and with General Data Protection Regulation (GDPR) legislation on the horizon, Osirium is well positioned and its offer sufficiently differentiated to take advantage of this opportunity.

The Group has built strong foundations for the year ahead and we are confident of delivering significant progress as a result.

SIMON LEE
Chairman
23/04/2018

DAVID GUYATT
CEO
23/04/2018

THE KEY ELEMENTS OF OUR GROWTH STRATEGY

NEW CUSTOMER ACQUISITIONS IN EXISTING AND NEW MARKETS

FOCUS FOR 2018

Building on its reputation with existing customers, Osirium plans to continue its aggressive sales and marketing strategy through an increased sales force and enhanced branding of its proposition through its PxM brand campaign. Osirium will also seek to expand its presence in the mid-market segment while continuing engagements with prospects in sectors including banking, insurance, healthcare and critical national infrastructure as well as to develop strategic partnerships with traditional IT-focused partners.

GROWTH WITHIN THE EXISTING CLIENT BASE

FOCUS FOR 2018

Osirium's management team has extensive experience in successfully driving mid-market channels and partner programmes to scale up demand and fulfilment volumes. Osirium plans to increase growth through cross and up-selling its software range using tactics including the introduction of its PxM platform, free install and upsell tool. Identifying opportunities to increase the number of devices used per client and sell more deeply into its existing customers, for example into new operating divisions or geographical locations, which will be two key focus areas.

PRODUCT DEVELOPMENT

FOCUS FOR 2018

Osirium intends to continue expanding its software portfolio in consultation with customers and responding to their feedback. The Group plans to develop additional modules that it will be able to license to customers and to build out the functionality and features of its Privileged Account Management, Privileged Task Management and Privileged Session Recorder modules.

Issues driving demand will continue:

- **Scale and frequency of cyber-attacks. It is predicted global cybercrime will cost $6 trillion annually by 2021, up from $3 trillion in 2015.**
- **Damage to corporate reputations and erosion of public confidence. A breach at a well-known telecommunications company stimulated 200,000 tweets in 7 days following a breach.**
- **Cyber-security focused legislation and regulation. GDPR is one of the highest profile regulation in recent years and is a key driver of security spending.**
- **Outsourcing of IT functions. Forrester Research sees global business and government spending for IT outsourcing and hardware maintenance at more than $440 billion U.S. dollars in 2016.**
- **Privileged Accounts will remain critical targets for cyber-attacks. An unprotected Privileged account offers a hacker the "keys to the kingdom."**
- **Increasing number of internet-connected devices 'Internet of Things'**

FINANCIAL REVIEW

OVERVIEW

For the twelve month period ended 31 December 2017, revenue was £647,580, an increase of 36% (compared with the 14 months ended 31 December 2016: £477,577).

Bookings for the twelve month period ended 31 December 2017, represented by total invoiced sales for annual subscriptions, were £876,000, an increase of 62% compared with the twelve months ended 31 December 2016 where bookings were £541,000. We have managed to increase significantly revenue and bookings despite a 2 month shorter accounting reporting period, demonstrating greater customer engagement and investment.

The twelve month loss before tax for the Group was £2,293,000, an increase from a loss of £1,812,843 for the fourteen month period to 31 December 2016. The losses of the Group have increased following significant investment in increasing headcount and activity levels in our sales, marketing and engineering departments of the business.

Cash reserves were boosted by the recent fund raise that raised £4,200,000 gross cash in March 2018.

REVENUE ANALYSIS

Revenue for the twelve month period ended 31 December 2017 was £647,580 (2016: £477,577 - 14 month period). Customer numbers more than doubled from 14 in the period ended 31 December 2016 to 30 in the year ended 31 December 2017 demonstrating the increasing sales momentum felt within the business as we add more customers.

Our deferred revenues as at 31 December 2017 were £505,000, compared to deferred revenues at the end of December 2016 of £276,000, helping provide a degree of visibility and certainty over our future revenues.

TAXATION

The Group has benefited from the tax relief given on development expenditure, which has resulted in a research and development tax credit of £408,000 being claimed for the twelve month period to 31 December 2017, compared with £290,000 for the previous 14 month period to 31 December 2016. This further demonstrates the investment made in the company's innovative cyber-security products.

LOSS PER SHARE

Loss per share for the 12 month period on both a basic and fully diluted basis was 18p. In the prior 14 month period the basic and diluted loss per share was 13p.

RESULTS AND DIVIDEND

The Directors are not recommending the payment of a final dividend (2016: £nil).

RESEARCH AND DEVELOPMENT & CAPITAL EXPENDITURE

The Group spent £1,254,000 (2016: £755,000) on direct staff and contractor costs for research and development, of which all was capitalised in both periods.

This expenditure relates to the development of new and enhanced software offerings. The Group invests in new product development and the continual modification and improvement of its existing products to meet technological advances, customer and new market requirements of the fast paced cyber-security market.

FUTURE DEVELOPMENTS

The Group has embarked upon a strategy which will extend its activities to the provision of cyber-security services into new areas such as financial services and critical national infrastructure and other market sectors as the need for Osirium's software is sector agnostic, in addition to developing its activities outside of the UK.

CASH FLOW

The Group's Cash balances were £1,023,811 (2016: £3,572,794). Net cash from operating activities for the period was £1,232,558 (2016: 789,443). Cash reserves were boosted by the recent fund raise that raised £4,200,000 gross cash in March 2018.

RUPERT HUTTON
CFO
23/04/2018

KEY PERFORMANCE INDICATORS

The Group's progress against its strategic objectives is monitored by the Board of Directors by reference to key performance indicators (KPIs). Progress made is a reflection of the performance of the business since flotation and the Group's achievement against its strategic plans.

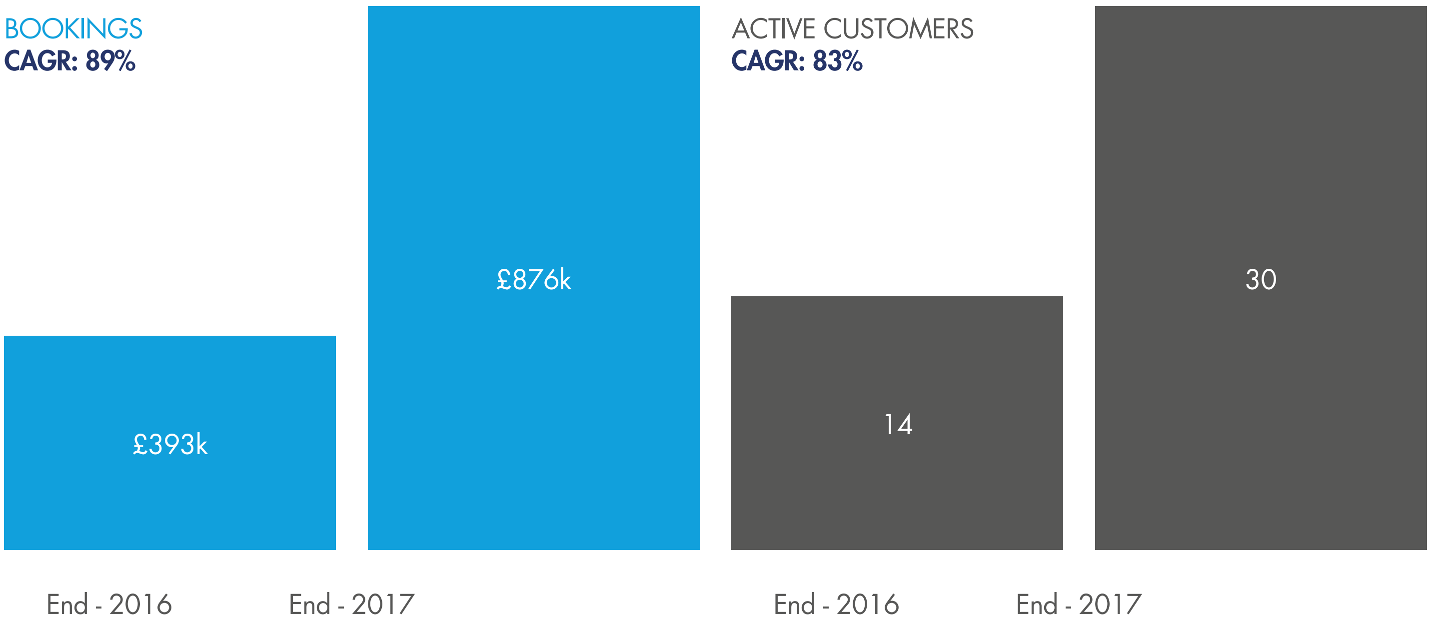

FIGURE 1. COMPOUND ANNUAL GROWTH RATE (CAGR) FIGURES FOR BOOKINGS AND ACTIVE CUSTOMERS.

The Group's major financial KPIs are bookings, revenue, new channel partners signed up, new customer acquisition, retaining and growing customer renewals, the number of proof of concepts and software evaluations installed, all of which to increase.

Bookings are monitored on a monthly basis and reported in detail at board meetings. Bookings have increased by 123% to £876,323 for the 12 month period to 31 December 2017 from £393,826 for the 12 months ended 31 December 2016.

As a result of the increase in booking, the revenue KPI is performing well, with total revenue up 63% to £647,580 (2016: £398,678), for the periods under review.

Non-financial KPIs include new channel partners and, with a UK distributor and two overseas distributors signed up to date and a business development director appointed in Germany, the Board is pleased with this progress. A further KPI is the retention of existing customers leading to the renewal of sales contracts. All customers were retained in the period and 16 new customers added, with increasing contract values from our existing customer base; further evidence that our stated 'land and expand' objective with customers is working. Proof of concepts have also increased now that the Group has more resources to support this activity, not only in the UK but with our fledgling partners overseas.

During the year and after the year end, we signed up Progress Distribution as a distributor in the UK and Spectrami in MENA and CHJ Technologies in Singapore, for further details please see the Chairman's and Chief Executive's statement. The Group did not lose a customer during the period and each significant renewal was at a higher level than the year before. With the increases in sales and marketing and market awareness, the number of proof of concepts being demanded is increasing, not only in the UK, but also in our identified overseas markets.

The Group also measures and monitors brand recognition and momentum increases in the Osirium name as we continue to build a global brand. Brand recognition includes monitoring Osirium's Search Engine Optimisation Position and quarterly growth in qualified sales leads with a quantified 'call to action'.

HOW OSIRIUM MANAGES RISK

HOW OSIRIUM MANAGES RISK

PRINCIPAL RISKS AND UNCERTAINTIES

Apart from the normal commercial and economic risks facing any UK based business looking to not only become the dominant company in its home market, but also expand into overseas territories, the major risks to the Group are the:

LOSS OF A MAJOR CLIENT & SUPPORTER

LOSS OF A RELATIONSHIP WITH A MAJOR SUPPLIER

DEVELOPMENT OF NEW TECHNOLOGIES THAT MAY ADVERSELY IMPACT THE GROUP'S PROPRIETARY SOFTWARE

IN ORDER TO MITIGATE THESE RISKS, THE GROUP:

- has specific relationship management systems in place for managing both new and existing client and supplier relationships; and
- undertakes research and development into various technologies on an ongoing basis.

OTHER RISKS INCLUDE:

Competitor risk
The market for Cyber security software is becoming increasingly competitive. To mitigate against this risk, management feel that the years of investment ahead of the maturing Privileged Access Management market and the continued investment in the product will maintain Osirium's leadership position in this market.

Commercial relationships
The Osirium software products are developed and released using open source. To mitigate against this risk all elements and components used within the software are kept under constant review. The Group continues to expand the various sales channels and reseller network, so the Group is not dependent on any one partner.

Personnel/key executives
The Group's future performance is substantially dependent on the continued services and performance of its Directors and senior management plus its ability to attract and retain suitably skilled and experienced personnel in the future.

Although certain key executives and personnel have joined Osirium since flotation, there can be no assurance that the Group will retain their services. The loss of any key executives or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Group.

The company believes that it has the appropriate incentivisation structures to attract and retain the calibre of employees necessary to ensure the efficient management and development of the Group. However, any difficulties encountered in hiring appropriate employees and the failure to do so may have a detrimental effect on the trading performance of the Group. The ability to attract new employees with the appropriate expertise and skills cannot be guaranteed.

HOW OSIRIUM MANAGES RISK (CONTINUED)

Customer attraction, retention and competition
The Group's future success depends on its ability to increase sales of its products to new prospects. The rate at which new and existing end customers purchase products and existing customers renew subscriptions depends on a number of factors, including the efficiency of the Group's products and the development of the Group's new offerings, as well as factors outside of the Group's control, such as end customers' perceived need for security solutions, the introduction of products by the Group's competitors that are perceived to be superior to the Group's products, end customers' IT budgets and general economic conditions. A failure to increase sales due to any of the above could materially adversely affect the Group's financial condition, operating results and prospects. The Group's success depends on its ability to maintain relationships and renew contracts with existing customers and to attract and be awarded contracts with new customers. A substantial portion of the Group's future revenues will be directly or indirectly derived from existing contractual relationships as well as new contracts driven at least in part by the Group's ability to penetrate new partners, verticals and territories. The loss of key contracts and/or an inability to successfully penetrate new verticals or deploy its skill sets into new territories could have a significant impact on the future performance of the Group.

Reputation
The Group's reputation, regarding the service it delivers, the way in which it conducts its business and the financial results which it achieves, are central to the Group's future success.

The Group's services and software are complex and may contain undetected defects when first introduced, and problems may be discovered from time to time in existing, new or enhanced product iterations. Undetected errors could damage the Group's reputation, ultimately leading to an increase in the Group's costs or reduction in its revenues.

Other issues that may give rise to reputational risk include, but are not limited to, failure to deal appropriately with legal and regulatory requirements in any jurisdiction (including as may result in the issuance of a warning notice or sanction by a regulator or an offence (whether, civil, criminal, regulatory or other) being committed by a member of the Group or any of its employees or directors), money-laundering, bribery and corruption, factually incorrect reporting, staff difficulties, fraud (including on the part of customers), technological delays or malfunctions, the inability to respond to a disaster, privacy, record-keeping, sales and trading practices, the credit, liquidity and market risks inherent in the Group's business.

Further reputational risks include failure to meet the expectations of the customers, operators, suppliers, employees and intellectual property and technology. The Group's technology is primarily comprised of software and other code ("Software"). Some of the Software has been developed internally and is owned by the Group. Also, some of the Software has been developed by third parties that have licensed rights in the Software to the Group or provided access under free and open source licence. However, a significant proportion of the Software has been developed by third parties and is provided to the Group under licence. It is not uncommon for any company's technology, particularly where it is primarily embodied in Software, to comprise both owned and licensed code. This nevertheless means that the Group's continuing right to use such Software is dependent on the relevant licensors continuing to licence Software to the Group. Again, as is usual, such agreements may be terminated by the licensors due to a breach of their terms by the Group. Any failure by the Group to comply with the terms of the licences granted could, therefore, result in such licences being terminated and the Group no longer being entitled to continue to use the Software in question. Also, use outside of the terms of any relevant licence could expose the Group to legal action for infringement of the rights of the licensor(s).

Further, and in any event, the Group may not have adequate measures in place to ensure that its use of third party software complies with all terms under which such software has been licensed to the Group.

Operations
The Group's facilities could be disrupted by events beyond its control such as fire and other issues. The Group undertake nightly back ups in 'the cloud' and prepares recovery plans for the most foreseeable situations so that its business operations would be able to continue.

This strategic report, as set out on pages 2 to 22, was approved by the board on 23 April 2018.

RUPERT HUTTON
CFO
23/04/2018

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

SIMON LEE (57)
NON-EXECUTIVE CHAIRMAN

Simon Lee is an International Advisor to Fairfax Financial where he sits on the Boards of Brit Syndicates Ltd and Advent Underwriting Ltd. He is also on the Global Advisory Board to Afiniti Inc., Non-Executive Director of TIA and Chairman of Hospice in the Weald. Until December 2013, Simon was Group Chief Executive of RSA Insurance Group Plc, a FTSE 100 company, operating at the time in 32 countries, employing around 23,000 people, writing c. £9 billion p.a. in premiums with assets of c. £21 billion. Previously, Simon spent 17 years with NatWest Group, working in a variety of roles including Chief Executive NatWest Offshore, Head of US Retail Banking, CEO NatWest Mortgage Corporation (US) and Director of Global Wholesale Markets.

DAVID GUYATT (58)
CHIEF EXECUTIVE OFFICER

Co-founder of Osirium, the management team is led by David Guyatt, who has over 25 years' experience in turning next generation IT products into successful technology businesses. He is a recognised pioneer in establishing the content security software market, being a co-founder and CEO of the Content Technologies group, which developed MIMEsweeper and became the recognised world leader in content security solutions, with a 40 per cent global market share. Previously, David was Sales & Marketing Director at Integralis from 1990 to 1996, as it established itself as Europe's leading IT security integrator.

RUPERT HUTTON (51)
CHIEF FINANCIAL OFFICER

Rupert served for 12 years as Finance Director of AIM quoted Atlantic Global Plc, a cloud-based project portfolio management software company, before being sold in February 2012 to an international, US Private Equity-backed, software business based in Bloomington, Minnesota. Previously, Rupert was Group Financial Controller of the Milton Keynes and North Bucks Chamber of Commerce Training and Enterprise. Rupert spent his early career with Grant Thornton and has an AMBA accredited Masters in Business Administration and is a Fellow of the Association of Chartered Certified Accountants.

STEPHEN (STEVE) PURDHAM (61)
NON-EXECUTIVE DIRECTOR

Steve has spent his entire career in the technology industry, starting with International Computers Limited in 1978 before moving to JSB Computer Systems Ltd. As co-founder of web and email filtering products Surfcontrol, Steve led JSB's flotation on AIM in 1997 as JSB Software Technologies Plc followed by its flotation on EASDAQ and then FTSE Main Market listing in February 2000. Changing its name to SurfControl Plc, the company entered the Techmark index and became a FTSE 250 company for a period of time. Acting as its CEO between 2000 and 2005 and then as a non-executive director until 2007, when the company was sold to Websense Inc. for $400 million. He was also a founder investor in WE7 Limited, acting as the company's CEO between 2008 and 2013 when it was sold to Tesco Plc for £10.8 million. Steve is currently Executive Chairman and co-founder of 3rings Care Ltd and since 2002, held a number of other nonexecutive directorships including with the Manchester Technology Fund Limited and Identum Limited.

SIMON HEMBER (42)
NON-EXECUTIVE DIRECTOR

Simon is Founder and Managing Director of Acumin Consulting. Established in 1998, Acumin is a leading specialist for cybersecurity and information risk management recruitment and executive search operating throughout Europe and the US. Acumin has established relationships with enduser organisations, system integrators, consultancies and vendors across the security industry. Simon has expertise consulting around mergers and acquisitions, facilitating European market entry for high growth companies and working closely with industry leaders and venture capital to create new ventures and business development networks globally. Simon is also Co-Founder and Director of RANT Events, the leading community of senior information security professionals who work within end-user organisations and a Director of Red Snapper Recruitment, which merged with Acumin in July 2015.

SENIOR MANAGEMENT

KEVIN PEARCE
PROFESSIONAL SERVICES DIRECTOR

Kevin, who co-founded Osirium with David Guyatt, has over 15 years' experience in the planning, deployment and management of corporate IT infrastructure projects. Kevin was previously the Head of Consulting at Integralis, Europe's largest Security Solution Provider, which he joined in 1996. Kevin has a BEng (Hons) degree in Microelectronics from Brunel University in 1997 and is also a Certified Information Systems Security Professional (CISSP) and holds many vendor specific certifications.

ANDREW HARRIS
CHIEF TECHNICAL OFFICER

In a long and distinguished career, including being Technical Director at Integralis, Andrew has invented many leading-edge technologies including IP Network Translation Gateway, Print Symbiont Technologies for LAN-based printers and Disaster Master, a technique of continuously updating a backup site with mirrored data. As one of the Co-Founders and CTO of MIMEsweeper, Andrew was the creator of the world's first content security solution which became the default product in its space. Andrew went on to start WebBrick Systems which was one of the pioneering Home Automation technologies, also a forerunner to what we know as IOT devices today. As Engineering Director, Andrew has created and patented several core components in the Osirium product family.

CATHERINE JAMIESON
CHIEF OPERATING OFFICER

With over 25 years of experience growing start-up businesses, Catherine's career started at Integralis in 1988, when she quickly adopted a sales and customer services role. She moved into more senior sales roles in the early 90's, and established the City Business Unit at Integralis, before accepting the Sales Manager role when the MIMEsweeper solution was launched in 1995.

In 1997, Catherine became the SVP Europe at MIMEsweeper which, under her leadership from 1997-2000, grew the European business from $3 million to over $15 million in three years, consistently achieving revenue growth of over 100% p.a. with over 50 channel partners in 12 countries. The MIMEsweeper business was sold for $1 billion in 2000. She has since been involved with a few smaller start-up organisations, before joining Osirium in 2010, where she has been responsible for the acquisition of early adopter customers and providing operations support to the business.

STEPHEN ROBERTS
MARKETING DIRECTOR

Stephen joined Osirium with over 20 years' technology marketing experience, leading the marketing efforts of brands including Fujitsu where he helped grow market share and build a £100m Intel server business. He was also UK Marketing Director at Integralis during its acquisition by NTT Group. As Director of Marketing at Stericycle Expert Solutions, Stephen helped create the digital footprint and built a number of unique thought leadership pieces featured in live news media, building demand for the company's services. Before joining Osirium, Stephen was Senior Evangelist and Content Manager for English speaking regions at Wallix Group.

TIM AGER
SALES DIRECTOR

Tim has held senior management roles at a number of IT security companies for over 15 years. Most recently he was Managing Director for the EMEA region at Celestix Networks where he was responsible for driving significant growth of the company's security portfolio. Previously Tim was responsible for sales at pan- European security distributor Allasso. Prior to that, Tim was responsible for overseas business at Bottomline Technologies, providing secure payment solutions to the finance and corporate sectors.

CORPORATE GOVERNANCE REPORT

There is no compulsory regime of corporate governance to which the directors of a UK company admitted to AIM must adhere to over and above the general fiduciary duties of skill and diligence imposed on such directors under English law. However, the Directors acknowledge the importance of the principles set out in the Quoted Companies Alliance (QCA) Code. Although the QCA Code is not compulsory for AIM quoted companies, the Directors intend to apply the principles as far as they consider appropriate for a company of its size and nature.

BOARD STRUCTURE AND COMMITTEES

The board is responsible to shareholders for the proper management of the company.

The board comprises 5 directors, two of whom are Executive Directors and three of whom are Non-Executive Directors, reflecting a blend of different experience and backgrounds. The board considers Simon Lee, Steve Purdham and Simon Hember to be independent Non-Executive Directors under the criteria identified in the QCA Code.

The board meets regularly and is responsible for strategy, performance, approval of any major capital expenditure and the framework of internal controls. To enable the board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all directors in advance of board meetings. The board has established Audit and Remuneration Committees with formally delegated duties and responsibilities and with written terms of reference. Each of these Committees meet regularly and at least twice a year. From time to time separate committees may be set up by the board to consider specific issues when the need arises. Further details on the Audit and Remuneration Committees are set out below.

AUDIT COMMITTEE

The duties of the Audit Committee are to consider the appointment, re-appointment and terms of engagement of, and keep under review the relationship with, the Group's auditors, to review the integrity of the Group's financial statements, to keep under review the consistency of the Group's accounting policies and to review the effectiveness and adequacy of the Group's internal financial controls. In addition, it has received and reviewed such reports as it from time to time requests from the Group's management and auditors. The Audit Committee has met at least twice a year and has unrestricted access to the Group's auditors. The Audit Committee comprises Steve Purdham, Simon Lee and Simon Hember and has been chaired by Simon Lee.

The directors acknowledge that relevant corporate governance guidelines, including the QCA Code, state that the Audit Committee should not be chaired by the Chairman of the company. The directors have considered the membership of the Audit Committee carefully and have concluded that, given the current composition of the board, Simon is the most appropriate choice to be its Chairman. The board regularly reviews the effectiveness of the Audit Committee. Once any further appointments have been made to the board, the Audit Committee will be reviewed to bring its composition into line with corporate governance best practice guidance.

REMUNERATION COMMITTEE

The Remuneration Committee has responsibility for reviewing and determining, within agreed terms of reference, the Group's policy on the remuneration of Senior Executives, Directors and other key employees and specific remuneration packages for Executive Directors, including pension rights and compensation payments. It is also responsible for making recommendations for grants of options under the New Share Option Scheme. It has met not less than twice a year. The remuneration of Non-Executive Directors is a matter for the board and no Director may be involved in any discussions as to his or her own remuneration. The Remuneration Committee comprises Steve Purdham, Simon Lee and Simon Hember and is chaired by Steve Purdham.

REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the Group for the year ended 31 December 2017. The comparative period is the 14 months ended 31 December 2016.

The company was incorporated on 3 November 2015 and acquired Osirium Limited on 6 April 2016.

PRINCIPAL ACTIVITIES

Osirium is a UK based cyber-security software provider that protects critical IT assets, infrastructures and devices by preventing targeted cyber-attacks from directly accessing Privileged Accounts, removing unnecessary access and powers of Privileged Account users, deterring legitimate Privileged Account users from abusing their roles and containing the effects of a breach if one does happen.

Osirium has defined and delivered PAM 2.0, which the directors view as the next generation Privileged Account management solution. The team has developed the concept of Virtual Air Gap to separate users from passwords, with Osirium's Privileged Task Management module further strengthening Privileged Account security and delivering impressive return on investment (ROI) benefits for customers.

RESULTS AND DIVIDEND

The Directors are not recommending the payment of a final dividend (2016: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

D A Guyatt
R G Hutton
S P G Lee
S Purdham
S E H Hember

DIRECTORS' INTEREST IN SHARES

	Ordinary shares of 1p each as at 31 December 2017
D A Guyatt	950,052
S P G Lee	111,936
R G Hutton	–
S Purdham	–
S E H Hember	75,000

SUBSTANTIAL SHAREHOLDINGS

	Ordinary shares of 1p each	Percentage holding
The Bank of New York (Nominees) Limited	1,387,293	10.24%
Harwell Capital SPC - Osirium SP	1,224,078	9.03%
Nortrust Nominees Limited	1,034,349	7.63%
Mr David Ashley Guyatt	950,052	7.01%
Octopus AIM VCT Plc	928,529	6.58%
Octopus Investments Nominees Limited	790,442	5.83%
State Street Nominees Limited	760,000	5.61%
Rathbone Nominees Limited	738,050	5.45%
Octopus AIM VCT 2 Plc	619,021	4.57%
Hargreave Hale Nominees Limited	608,495	4.49%
BNY (OCS) Nominees Limited	507,079	3.74%
Harewood Nominees Limited	421,932	3.11%

STRATEGIC REPORT

Information on research and development activities, future developments and post balance sheet events is not included within the Directors' Report as it is instead included within the Strategic Report on pages 2 to 19 in accordance with S414c(11) of the Companies Act 2006.

FINANCIAL RISK MANAGEMENT POLICIES

Details of the main financial risks facing the Group and the policies to manage these risks are contained in Note 19 of these financial statements.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office at the date of approval of these financial statements confirm that, as far as they are aware, there is no relevant information of which the auditor is unaware. Each of the directors confirm that they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

ANNUAL GENERAL MEETING

A resolution to reappoint RSM UK Audit LLP as auditor will be put to the members at the Annual General meeting of the company which will be held on Thursday, 24 May 2018 at 11.00am. On behalf of the Board of Directors.

ON BEHALF OF THE BOARD

D A GUYATT
CEO
23/04/2018

DIRECTORS' RESPONSIBILITIES IN PREPARATION OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the company and of the profit or loss of the Group for that period.

In preparing the Group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with IFRSs adopted by the EU; and
d. prepare the financial statements on the going concern basis unless it is appropriate to presume that the group and the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Osirium Technologies Plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSIRIUM TECHNOLOGIES PLC

OPINION

We have audited the financial statements of Osirium Technologies Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise of the Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation 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 December 2017 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 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 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 RELATED 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSIRIUM TECHNOLOGIES PLC (CONTINUED)

DEVELOPMENT COSTS

Risk
The group capitalises software engineers' costs in accordance with IAS 38 Intangible Assets - these include salaries and consultancy expenses. The percentage of each software engineer's salary is capitalised based on estimates of the time spent developing new products. There is a risk that these estimates do not accurately reflect the actual time spent on developing projects.
The amortisation policy for development costs is 20% per annum, with a full charge in the year of capitalisation. In accordance with IAS 38 Intangible assets, amortisation should be recognised at the point of product release rather than from the moment of initial capitalisation. Given the fast-moving nature of the industry, there is a risk that brought forward development costs are now obsolete and should be written down. Refer to note 1 and note 9 for the disclosures relating to the intangible assets and the related judgements around amortisation.

Our response
We have audited the amounts capitalised by reference to specific projects commenced, the utilisation of individual software engineers and the recognition criteria prescribed in IAS 38 Intangible Assets. We have considered projects completed in a single period and whether sales have been derived which support the capitalisation policy. We have reviewed costs in the income statement to consider whether any material expenditure has been inappropriately expensed and intangible assets understated.
We have considered whether there is a material difference in relation to development costs being amortised from the year of capitalisation rather than at the point of product release as per IAS 38 Intangible Assets. We have discussed brought forward costs with management to ensure there is no significant risk of obsolescence.

Our application of materiality
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £104,000, which was not changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £1,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit
Our audit was scoped by obtaining an understanding of the group and its control environment, including group-wide controls, and assessing the risks of material misstatement. The financial statements were audited on a consolidated basis using group materiality. The scope of our audit covered 100% of both consolidated loss before tax and consolidated net assets.

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 their 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 set out on page 30, 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.

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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Watts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
23 April 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Year ended 31-Dec-17 £**	14 month Period ended 31-Dec-16 £
Continuing operations			
Revenue		**647,580**	477,577
Administrative expenses		**(2,944,394)**	(2,300,074)
Operating loss		**(2,296,814)**	(1,822,497)
Finance income	6	**4,190**	9,654
Loss before tax		**(2,292,624)**	(1,812,843)
Income tax credit	7	**409,421**	453,288
Loss for the period attributable to the owners of Osirium Technologies Plc		**(1,883,203)**	(1,359,555)
Loss per share from continuing operations:			
Basic and diluted loss per share	8	**(18p)**	(13p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31-Dec-17 £	As at 31-Dec-16 £
Assets			
Non-current assets			
Intangible assets	9	**1,731,856**	1,134,452
Property, plant & equipment	10	**80,168**	44,315
Current assets			
Trade and other receivables	12	**622,618**	380,891
Cash and cash equivalents	13	**1,023,811**	3,572,794
		1,646,429	3,953,685
Total assets		**3,458,453**	5,132,452
Liabilities			
Current liabilities			
Trade and other payables	15	**857,734**	648,530
		857,734	648,530
Non-current liabilities			
Deferred tax	18	**–**	–
		–	–
Total liabilities		**857,734**	648,530
Equity			
Shareholders' equity			
Called up share capital	16	**103,944**	103,944
Share premium	17	**5,008,619**	5,008,619
Share option reserve	23	**337,559**	337,559
Merger reserve	17	**4,008,592**	4,008,592
Retained earnings	17	**(6,857,995)**	(4,974,792)
Total equity attributable to the owners of Osirium Technologies Plc		**2,600,719**	4,483,922
Total equity and liabilities		**3,458,453**	5,132,452

The financial statements on pages 34 to 61 were approved and authorised for issue by the board of directors on 23 April 2018. The accompanying notes are an integral part of these financial statements.

Signed on behalf of the board of directors

David Guyatt
CEO

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 31-Dec-17 £	As at 31-Dec-16 £
Assets			
Non-current assets			
Investment in subsidiary	11	**354,445**	**354,445**
Current assets			
Trade and other receivables	12	**4,237,680**	**1,738,380**
Cash and cash equivalents	13	**25**	**3,005,825**
		4,237,705	**4,744,205**
Total assets		**4,592,150**	**5,098,650**
Liabilities			
Current liabilities			
Trade and other payables	15	**118,571**	**144,746**
		118,571	**144,746**
Non-current liabilities			
Deferred tax	18	**–**	**–**
		–	**–**
Total liabilities		**118,571**	**144,746**
Equity			
Shareholders' equity			
Called up share capital	16	**103,944**	**103,944**
Share premium	17	**5,008,619**	**5,008,619**
Share option reserve	23	**337,559**	**337,559**
Retained earnings	17	**(976,543)**	**(496,218)**
Total equity attributable to the owners of Osirium Technologies Plc		**4,473,579**	**4,953,904**
Total equity and liabilities		**4,592,150**	**5,098,650**

The financial statements on pages 34 to 61 were approved and authorised for issue by the board of directors on 23 April 2018. The accompanying notes are an integral part of these financial statements.

The company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The loss for the parent company for the year was £480,325 (2016: £496,218).

Signed on behalf of the board of directors

DAVID GUYATT
CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of Osirium Technologies Plc					
	Called up share capital £	Retained earnings £	Share premium £	Merger reserve £	Share option reserve £	Total equity £
Balance at 1 November 2015	65,482	(3,615,237)	–	4,008,592	240,662	699,499
Changes in equity						
Issue of share capital	38,462	–	5,961,537	–	–	5,999,999
Issue costs	–	–	(952,918)	–	–	(952,918)
Total comprehensive loss	–	(1,359,555)	–	–	–	(1,359,555)
Share option charge	–	–	–	–	96,897	96,897
Balance at 31 December 2016	103,944	(4,974,792)	5,008,619	4,008,592	337,559	4,483,922
Changes in equity						
Loss for the period	–	(1,883,203)	–	–	–	(1,883,203)
Balance at 31 December 2017	**103,944**	**(6,857,995)**	**5,008,619**	**4,008,592**	**337,559**	**2,600,719**

COMPANY STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of Osirium Technologies Plc				
	Called up share capital £	Retained earnings £	Share premium £	Share option reserve £	Total equity £
On Incorporation 3 November 2015	1	–	–	–	1
Changes in equity					
Issue of share capital	103,944	–	5,961,537	–	6,065,481
Issue costs	–	–	(952,918)	–	(952,918)
Loss for the period	–	(496,218)	–	–	(496,218)
Share option charge	–	–	–	337,559	337,559
Balance at 31 December 2016	**103,944**	**(496,218)**	**5,008,619**	**337,559**	**4,953,904**
Changes in equity					
Loss for the period	–	(480,325)	–	–	(480,325)
Balance at 31 December 2017	**103,944**	**(976,543)**	**5,008,619**	**337,559**	**4,473,579**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
Cash flows from operating activities			
Cash generated from operations	14	(1,523,979)	(909,873)
Interest paid	–	–	–
Tax received	7	291,421	120,430
Net cash used in operating activities		(1,232,558)	(789,443)
Cashflows used in investing activities			
Purchase of intangible fixed assets	9	(1,254,268)	(915,476)
Purchase of tangible fixed assets	10	(66,347)	(52,508)
Interest received	6	4,190	9,654
Net cash from investing activities		(1,316,425)	(958,330)
Cash flows from financing activities			
Share issue (net of issue costs)		–	5,047,081
Net cash from financing activities		–	5,047,081
(Decrease)/increase in cash and cash equivalents		(2,548,983)	3,299,308
Cash and cash equivalents at beginning of year/period		3,572,794	273,486
Cash and cash equivalents at end of year/period		1,023,811	3,572,794

COMPANY STATEMENT OF CASH FLOWS

	Notes	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
Cash flows from operating activities			
Cash generated from operations	14	**(3,005,800)**	**(2,041,256)**
Interest paid		**–**	**–**
Tax received/(paid)	7	**–**	**–**
Net cash used in operating activities		**(3,005,800)**	**(2,041,256)**
Cash flows from financing activities			
Share issue (net of issue costs)		**–**	**5,047,081**
Net cash from financing activities		**–**	**5,047,081**
(Decrease) / increase in cash and cash equivalents		**(3,005,800)**	**3,005,825**
Cash and cash equivalents at beginning of year		**3,005,825**	**–**
Cash and cash equivalents at end of year		**25**	**3,005,825**

NOTES TO THE FINANCIAL STATEMENTS

Osirium Plc is a company incorporated in the United Kingdom under the Companies Act 2006 and listed on the AIM market. The address of the registered office is One Central Square, Cardiff, CF10 1FS.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Boards ("IASB") that are effective or issued and early adopted as at the time of preparing these Financial Statements and in accordance with the provisions of the Companies Act 2006.

Going Concern
As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (2016)".

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of these Financial Statements. In developing these forecasts the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

On the basis of the above projections, the Directors are confident that Osirium has sufficient working capital to honour all of its obligations to creditors as and when they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

Cash reserves were boosted by the recent fund raise that raised £4,200,000 net cash in March 2018 post year end.

Merger Accounting
On 6 April 2016 Osirium Technologies Plc acquired Osirium Limited. This transaction did not meet the definition of a business combination as set out in IFRS 3. It is noted that such transactions are outside the scope of IFRS 3 and there is no other guidance elsewhere in IFRS covering such transactions. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, requires that where IFRS does not include guidance for a particular issue, the directors may also consider the most recent pronouncement of other standard setting bodies that use a similar conceptual framework to develop accounting standards when developing an appropriate accounting policy. In this regard, it is noted that the UK Accounting Standards Board has, in issue, an accounting standard covering business combinations (FRS 102 Section 19) that permits the use of the merger accounting principles for such transactions. The directors have therefore chosen to adopt these principles and the financial information has been prepared as if Osirium Limited had been owned and controlled by the company throughout the 14 month period ended 31 December 2016. Accordingly, the assets and liabilities of Osirium Limited have been recognised at their historical carrying amounts, the results for the periods prior to the date the company legally obtained control have been recognised and the financial information and cash flows reflect those of Osirium Limited. The amount recognised in equity is based on the historical carrying amounts recognised by Osirium Limited. However, the share capital balance is adjusted to reflect the equity structure of the outstanding share capital of the company, and any corresponding differences are reflected as an adjustment to a merger reserve.

New and amended standards and interpretations
New standards, amendments and interpretations effective after 1 January 2017 were not early adopted by Osirium.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Standards

IFRS 9, 'Financial Instruments', effective for annual periods beginning on or after 1 January 2018 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the Statement of Comprehensive Income, unless this creates an accounting mismatch. Osirium is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018.

IFRS 15, 'Revenue from contracts with customers', is effective for accounting periods beginning on or after 1 January 2018. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.
The five steps in the model are as follows:

- Identify the contract with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Due to the SaaS nature of the contracts where revenue is taken over the life of the contract and services are recognised as delivered the impact of IFRS 15 will be immaterial.

Amendments:

- IFRS 5 – Non-current assets held for sales and discontinued operations
- IFRS 7 – Financial instruments, disclosures
- IAS 1 – Presentation of financial statements
- IAS 16 – Property, plant and equipment
- IAS 19 – Employee benefits
- IAS 34 – Interim financial reporting
- IAS 38 – Intangible assets

2. ACCOUNTING POLICIES

Revenue recognition

Revenue represents net invoiced sales of services, excluding value added tax. Sales of software licence subscriptions are recognised over the period of the contract with the deferred income being recognised in the statement of financial position. Sales of one-off installation services are invoiced and recognised fully on completion of the installation.

Functional and presentational currency
Items included in the Financial Statements of Osirium are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial information is presented in UK sterling (£), which is the functional and presentational currency of Osirium.

Financial Instruments
Financial assets and financial liabilities are recognised in Osirium's statement of financial position when Osirium becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets
Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less the provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, demand deposits held on call with banks, and other short- term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are shown in the financial statements as 'cash and cash equivalents'.

Financial liabilities and equity
Trade and other payables
Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

Borrowings
Borrowings are recognised initially at fair value less transactions costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of borrowings using the effective interest method.

Equity
Equity instruments issued by Osirium are recognised at fair value on initial recognition net of transaction costs.

Taxation
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Osirium's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the dates of the Statements of Financial Position.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of the taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which is deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

other assets and liabilities in a transaction that affects neither the taxable profit not the accounting profit.

The carrying of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the Statement of Financial Position date. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when it is a legally enforceable right to set off the current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Osirium intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment
Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	–	25% on cost
Computer equipment	–	33% on cost

Internally-generated development intangible assets
An internally-generated development intangible asset arising from Osirium's product development is recognised if, and only if, Osirium can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use of sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated development intangible assets are amortised on a straight-line basis over their useful lives. Amortisation commences in the financial year of capitalisation. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. The amortisation cost is recognised as part of administrative expenses in the statement of comprehensive income.

Development costs	–	20% per annum, straight line

Impairment of tangible and intangible assets
At each statement of financial position date, Osirium reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, Osirium estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash- generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Operating Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Employee benefit costs
Osirium operates a defined contribution pension scheme. Contributions payable to Osirium's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

Share-based payments
Osirium issues equity-settled share-based payments to certain employees and others under which Osirium receives services as consideration for equity instruments (options) in Osirium. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is recognised as an expense in Osirium's Statement of Comprehensive Income over the vesting period on a straight-line basis, based on Osirium's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation is adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the options at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

When the options are exercised Osirium issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is a responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Financial Risk Factors
Osirium's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. Osirium's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Osirium's financial performance. Risk Management is carried out by management under policies approved by the directors. The directors provide principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk,

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

non-derivative financial instruments and investment of excess liquidity.

Critical accounting estimates and judgements

The preparation of the Financial Statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at each statement of financial position date and the reported amounts of revenue during the reporting periods. Actual results could differ from these estimates. The directors consider the key areas to be in respect of intangible assets and the share based payment charge. Information about such judgements and estimations are contained in individual accounting policies (intangible assets (Note 9) and share based payment charge (Note 23) respectively).

3. SEGMENT INFORMATION & REVENUE

Management information is provided to the chief operating decision maker as a whole. As a result Osirium is a single operating segment. All revenue is derived from the sale of software subscriptions and consultancy services to the customers in the UK.

The Group had three customers that all represented over 10% of total revenue each. The total revenue for these three customers was £352,880 which represents 55% of the Group's total income for the period:

Year ended 31 December 2017	£	%
Customer 1	89,966	14%
Customer 2	128,860	20%
Customer 3	134,054	21%
	352,880	55%

Year ended 31 December 2016	£	%
Customer 1	144,030	30%
Customer 2	72,882	15%
Customer 3	64,661	14%
	281,573	59%

4. EMPLOYEES AND DIRECTORS

The aggregate remuneration for employees of the Group during the year was as follows:

	Group	
	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
Wages & salaries	**2,006,832**	1,292,832
Social security costs	**237,099**	146,935
Other pension costs	**88,015**	24,385
Share option charge	**–**	96,897
	2,331,946	1,561,049
Less R&D capitalised amounts	**(1,156,100)**	(755,478)
	1,175,846	805,571

The average number of employees of the Group during the period was as follows:

	Year ended 31-Dec-17	14 month Period ended 31-Dec-16
Directors & management	**8**	5
Development	**14**	13
Sales & Presales	**4**	2
Support	**3**	1
Marketing	**3**	2
	32	23

The parent company had no employees in the year (2016: nil).

Director's Remuneration

	Year ended 31 December 2017			
	Salaries and bonus	Pension	Total	2016 Total
D A Guyatt	267,455	7,200	274,655	227,876
S P G Lee	39,370	–	39,370	–
R G Hutton	40,222	12,100	52,322	33,342
S Purdham	21,642	–	21,642	14,167
S E H Hember	20,952	1,200	22,152	5,543
Total	389,641	20,500	410,141	280,928

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The number of directors to whom retirement benefits were accruing under was as follows:

	Group	
	Year ended 31-Dec-17	14 month Period ended 31-Dec-16
Defined contribution schemes	**3**	3

Key Management Personnel

The directors are considered to be the key management personnel, of the Group and Company along with Kevin Pearce (Professional Services Director), Andrew Harris (Chief Technical Officer) and Catherine Jamieson (Chief Operating Officer). The remuneration of key management is as follows:

	Group	
	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
Remuneration	**671,743**	534,098
Social security costs	**72,561**	55,442
Share based payments	**–**	66,834
Pension contributions	**29,500**	9,471
Total key management personnel compensation	**773,804**	665,845

Director's interests in share options

	Award date	Price on award date	Exercise price	Options at 31-Dec-17	Exercisable from
D A Guyatt	06-Apr-16	£1.56	58p	410,100	31-Dec-19
	06-Apr-16	£1.56	42p	176,316	31-Dec-19
	12-Sep-16	£1.90	£1.90	51,971	31-Dec-19
				638,387	
K L Pearce	06-Apr-16	£1.56	58p	209,154	31-Dec-19
	06-Apr-16	£1.56	42p	89,730	31-Dec-19
	12-Sep-16	£1.90	£1.90	25,985	31-Dec-19
				324,869	
R G Hutton	12-Sep-16	£1.90	£1.90	38,978	31-Dec-19
S Purdham	12-Sep-16	£1.90	£1.90	25,985	31-Dec-19
S E H Hember	26-Sep-16	£1.93	£1.92	25,985	31-Dec-19
S P G Lee	6-Apr-16	£1.56	58p	120,000	31-Dec-19

No directors exercised any share options in the period (2016: None).

5. LOSS FROM OPERATIONS

This is stated after charging:

	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
Amortisation	**656,862**	574,280
Depreciation	**30,494**	14,632
Operating Leases	**36,599**	33,281
Foreign exchange differences	**6,944**	1,245

The Group paid the following amounts to its auditors RSM UK Audit LLP in respect of services provided during the year:

	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
Auditors remuneration for these accounts:		30,000
Current year	**30,000**	
Prior year	**5,000**	
Auditor's remuneration for other services:		
Review of interim financial statements	**3,500**	3,500
Tax advisory	**9,500**	13,935
IPO due diligence services	**–**	120,706
	48,000	168,141

6. FINANCE INCOME

	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
Finance income:		
Deposit account interest	**1,865**	2,738
Other interest received	**2,325**	6,916
	4,190	9,654

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX

Analysis of tax income

	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
Current Tax:		
Tax	**(408,000)**	(290,000)
Adjustment for prior year tax	**(1,421)**	–
Total current tax	**(409,421)**	(290,000)
Deferred tax	**–**	(163,288)
Total credit in the statement of comprehensive income	**(409,421)**	(453,288)

For the period ended 31 December 2016 successful R&D tax claims were submitted and paid by HM Revenue & Customs. Management intend to submit similar claims for the 2017 and future periods.

Factors affecting the tax income

Tax on the loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the group as follows:

	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
Loss before tax	**(2,292,624)**	(1,812,843)
Loss before tax multiplied by the applicable rate of corporation tax of 19% (2016: 20%)	**(435,598)**	(362,569)
Expenses not deductible for tax purposes	**–**	664
Unrelieved tax losses	**437,019**	361,905
R&D tax credit relief	**408,000**	290,000
Deferred tax	**–**	163,288
Prior period R&D tax credits	**–**	–
Income Tax		
Income	**409,421**	453,288

As at 31 December 2017 the group had unutilised tax losses of £4,086,939 (31 December 2016: £1,184,906) available to offset against future profits. A deferred tax asset has been recognised in respect of tax losses carried forward to the extent that it offsets the deferred tax liabilities in respect of research and development credits and accelerated capital allowances (see note 18).

Factors affecting future tax charges

The UK corporation tax rate has reduced to 19% from 1 April 2017 and the UK Government has indicated that it intends to reduce the main rate of corporation tax to 17% from 1 April 2020.

8. EARNINGS PER SHARE

	Year ended 31-Dec-17	14 month Period ended 31-Dec-16
Weighted average no. of shares in issue	**10,394,255**	10,394,255
Weighted average no. of shares for the purposes of basic earnings per share	**10,394,255**	10,394,255
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Weighted average no. of shares for the purposes of diluted earnings per share	**10,394,255**	10,394,255
Basic losses attributable to equity shareholders	**(1,883,203)**	(1,359,555)
Losses for the purposes of diluted earnings per share	**(1,883,203)**	(1,359,555)
Basic loss per share	**(18p)**	(13p)
Diluted loss per share	**(18p)**	(13p)

Earnings per share has been calculated using the following methodology:

Basic losses per share are calculated by dividing the losses attributable to ordinary shareholder by the number of weighted average ordinary shares during the period.

At 31 December 2017, there were 1,905,817 share options outstanding that could potentially dilute basic earnings or losses per share in the future, but are not included in the calculation of diluted losses per share because they are anti-dilutive for the periods presented.

9. INTANGIBLE FIXED ASSETS

	Development Costs £
Cost	
At 1 November 2015	2,310,571
Additions to 31 December 2016	915,476
At 1 January 2017	3,226,047
Additions to December 2017	1,254,268
Cost c/f as at 31 December 2017	4,480,315
Amortisation:	
At 1 November 2015	1,517,315
Charge to 31 December 2016	574,282
At 1 January 2017	2,091,597
Charge to 31 December 2017	656,862
Amortisation as at 31 December 2017	2,748,459
Carrying Amount:	
At 31 December 2016	1,134,452
At 31 December 2017	1,731,856

All development costs are amortised over their estimated useful lives, which is on average 5 years. This reflects management's best estimate of the period of time over which the group will benefit from the amounts capitalised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amortisation is charged in full in the financial year of capitalisation.

All amortisation has been charged to administrative expenses in the statement of comprehensive income and total comprehensive loss.

The company had no intangible fixed assets as at 31 December 2017.

10. PROPERTY, PLANT & EQUIPMENT

	Fixtures and Fittings £	Computer Equipment £	Totals £
Cost			
At 31 October 2015	3,000	31,011	34,011
Additions	4,364	48,144	52,508
At 31 December 2016	7,364	79,155	86,519
Additions	7,478	58,869	66,347
At 31 December 2017	14,842	138,024	152,866
Depreciation			
At 31 October 2015	2,571	25,001	27,572
Charge for period	1,098	13,534	14,632
At 31 December 2016	3,669	38,535	42,204
Charge for year	2,583	27,911	30,494
At 31 December 2017	6,252	66,446	72,698
Net Book Value			
At 31 December 2016	3,695	40,620	44,315
At 31 December 2017	8,590	71,578	80,168

The company had no property, plant & equipment as at 31 December 2017.

11. INVESTMENT IN SUBSIDIARY

Osirium Technologies Plc has the following investment in a subsidiary

	Country of incorporation	Class of Share held	Ownership
Osirium Limited, One Central Square, Cardiff CF10 1FS	England & Wales	Ordinary	100%

Osirium Technologies Plc acquired the total share capital of Osirium Limited on 6 April 2016.

Movement on cost and net book value of investments in subsidiary:

	Osirium Limited £
On incorporation	–
Shares issued in consideration for Osirium Limited share capital	65,482
Capital contribution through share based payments	288,963
Balance at 31 December 2016 and 2017	**354,445**

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	As at 31-Dec-17 £	As at 31-Dec-16 £	**As at 31-Dec-17 £**	As at 31-Dec-16 £
Current:				
Trade receivables	**121,082**	17,107	**–**	–
Other receivables	**408,000**	290,000	**–**	–
VAT	**6,804**	–	**–**	–
Prepayments	**86,732**	73,784	**5,001**	2,182
Amounts due from group undertakings	**–**	–	**4,232,679**	1,736,198
	622,618	380,891	**4,237,680**	1,738,380

Trade receivables in 2016 consisted of just one balance due from a single customer. There are multiple balances outstanding for different customers as at 31 December 2017. All trade receivable invoices that make up the balances were invoiced on or after 1 November 2017.

As at 31 December 2017 Osirium had no material receivables past due but not impaired (31 December 2016: £nil).

The Directors consider that the carrying value of trade and other receivables approximates their fair value.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	As at 31-Dec-17 £	As at 31-Dec-16 £	**As at 31-Dec-17 £**	As at 31-Dec-16 £
Cash and cash equivalents	**1,023,811**	3,572,794	**25**	3,005,825

The Directors consider that the carrying value of cash and cash equivalents approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	Group		Company	
	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £	**Year ended 31-Dec-17 £**	14 month Period ended 31-Dec-16 £
Loss before income tax	**(2,292,624)**	(1,812,843)	**(480,325)**	(496,218)
Depreciation charges	**30,494**	14,632	**–**	–
Amortisation charges	**656,862**	574,280	**–**	–
Share option charge	**–**	96,897	**–**	48,596
Finance costs	**–**	–	**–**	–
Finance income	**(4,190)**	(9,654)	**–**	–
	(1,609,458)	(1,136,688)	**(480,325)**	(447,622)
(Increase)/decrease in trade and other receivables	**(123,725)**	(56,674)	**(2,499,300)**	(1,738,380)
Increase/(decrease) in trade and other payables	**209,204**	283,489	**(26,175)**	144,746
Cash generated from operations	**(1,523,979)**	(909,873)	**(3,005,800)**	(2,041,256)

15. TRADE AND OTHER PAYABLES

	Group		Company	
	As at 31-Dec-17 £	As at 31-Dec-16 £	**As at 31-Dec-17 £**	As at 31-Dec-16 £
Current:				
Trade payables	**124,529**	95,632	**36,434**	6,684
Amounts due to directors	**401**	–	**–**	–
Social security and other taxes	**53,505**	45,443	**–**	–
Other creditors	**20,338**	16,479	**–**	–
Accruals and deferred income	**658,961**	490,976	**82,137**	138,062
	857,734	648,530	**118,571**	144,746

The Directors consider that the carrying value of trade and other payables approximates their fair value.

The amounts above in trade and other payables are all non-interest bearing.

16. CALLED UP SHARE CAPITAL

The company was incorporated on 3 November 2015 with 100 shares of 1p each. On 6 April 2016 6,548,102 1p shares were issued in consideration for the acquisition of Osirium Limited. On 15 April 2016 3,846,153 1p shares were issued on listing of the company on the AIM exchange at a price of £1.56 per share for a total consideration of £6m.

Allotted, issued and fully paid

Nominal Value £0.01 per share	No. of shares	£
On incorporation on 3 November 2015	100	1
Shares issued as consideration for Osirium Limited on 6 April 2016	6,548,102	65,481
Shares issued on listing on AIM Exchange on 15 April 2016	3,846,153	38,462
	10,394,355	103,944

Voting rights
Shares rank equally for voting purposes. Each member will have one vote per share held.

Dividend rights
Each share ranks equally for any dividend declared.

17. RESERVES

Share Premium
Share premium represents the aggregate amount of premiums received on issuing shares after deduction of attributable expenses and commission.

Share Option Reserve
The share option reserve represents the cumulative amount charged to the income statement in respect of the company's share options.

Merger Reserve
The merger reserve represents the balance of Osirium Limited's reserves after application of merger accounting as part of the group reorganisation.

Retained Earnings
Retained earnings is the balance of profit or loss retained by the group and company net of any distributions made.

18. DEFERRED TAX

Deferred tax of £356,073 is provided at 31 December 2017 (2016: £235,754) in respect of timing differences arising on the recognition of development costs and other fixed assets with a net book value of £1,812,027 (2016: £1,178,765).

A deferred tax asset has been recognised in respect of tax losses carried forward to the extent that it offsets the deferred tax liabilities in respect of research and development credits and accelerated capital allowances.

	As at 01-Jan-17 £	Movement in year £	**As at 31-Dec-17 £**
Accelerated capital allowances	8,863	6,812	**15,675**
Research and development tax credits	226,891	113,307	**340,198**
Tax losses	(235,754)	(120,119)	**(355,873)**
	–	–	**–**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. FINANCIAL RISK MANAGEMENT

Osirium's activities expose it to a variety of financial risk: financial instrument risk, credit risk and liquidity risk. Osirium's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Osirium's financial performance. Osirium's policies for financial risk are outlined below.

Financial Instruments Risk
In common with all other businesses, Osirium is exposed to risks that arise from its use of financial instruments. This note describes Osirium's objectives, policies and processes for managing those risks and the methods used to measure them.

The principal financial instruments used by Osirium, from which finance instrument risk arises, are as follows:

- Trade and other receivables
- Cash at bank
- Trade and other payables

Credit Risk
Credit risk is the risk of financial loss to Osirium if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Osirium's receivables from customers and deposits with financial institutions. Osirium's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Osirium has an established credit policy under which each new customer is analysed for creditworthiness before Osirium's standard payment and delivery terms and conditions are offered. Osirium's review includes external ratings, and in some cases bank references.

An allowance for impairment is made when there is an identified loss event, which based on previous experience, is evidence in the recoverability of the cash flows. The Directors consider the above measures to be sufficient to control the credit risk exposure.

Liquidity Risk
Liquidity risk is the risk that Osirium will not be able to meet its financial obligations as they fall due. Osirium's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to Osirium's reputation.

The Directors manage liquidity risk by regularly reviewing Osirium's cash requirements by reference to short term cash flow forecasts and medium term working capital projections prepared by the Directors.

Consolidated Maturity of financial assets and liabilities

As at 31 December 2016	Less than 1 month £	1 month to 1 year £	Greater than 1 year £	No stated maturity £	Total £
Financial Assets:					
Loans and receivables					
Trade & other receivables	17,107	–	–	–	17,107
Cash and cash equivalents	3,572,794	–	–	–	3,572,794
Total	3,589,901	–	–	–	3,859,901
Financial Liabilities:					
Financial liabilities amortised at cost					
Trade & other payables	327,440	–	–	–	300,426
Total	327,440	–	–	–	300,426

As at 31 December 2017	Less than 1 month £	1 month to 1 year £	Greater than 1 year £	No stated maturity £	Total £
Financial Assets:					
Loans and receivables					
Trade & other receivables	121,082	–	–	–	121,082
Cash and cash equivalents	1,023,811	–	–	–	1,023,811
Total	1,144,893	–	–	–	1,144,893
Financial Liabilities:					
Financial liabilities amortised at cost					
Trade & other payables	299,462	–	–	–	299,462
Total	299,462	–	–	–	299,462

Company Maturity of financial assets and liabilities

As at 31 December 2016	Less than 1 month £	1 month to 1 year £	Greater than 1 year £	No stated maturity £	Total £
Financial Assets:					
Loans and receivables					
Trade & other receivables	–	1,736,198	–	–	1,736,198
Cash and cash equivalents	3,005,825	–	–	–	3,005,825
Total	3,005,825	1,736,198	–	–	4,742,023
Financial Liabilities:					
Financial liabilities amortised at cost					
Trade & other payables	144,746	–	–	–	144,746
Total	144,746	–	–	–	144,746
As at 31 December 2017					
Financial Assets:					
Loans and receivables					
Trade & other receivables	–	4,237,680	–	–	4,237,680
Cash and cash equivalents	25	–	–	–	25
Total	25	4,237,680	–	–	4,237,705
Financial Liabilities:					
Trade & other payables	118,571	–	–	–	118,571
Total	118,571	–	–	–	118,571

All financial assets and liabilities above are held at amortised cost.

20. CAPITAL MANAGEMENT

The prime objective of Osirium's capital management is to ensure that it maintains the financial flexibility needed to allow for value-creating investments as well as healthy statement of financial position ratios. The capital structure of Osirium consists of net debt (borrowings after deducting cash and cash equivalents) and equity (comprising issued capital, capital commitment, reserves and retained earnings).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. RELATED PARTY DISCLOSURES

The following balances were to directors in relation to expenses claimed:

	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
K L Pearce	59	–
D A Guyatt	–	–
R G Hutton	–	–
S P G Lee	342	–

Total expenses claimed within the year were as follows:

	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
K L Pearce	7,798	11,784
D A Guyatt	13,579	16,884
R G Hutton	8,768	1,446
S P G Lee	756	–
S Purdham	521	–

Directors' remuneration has been disclosed in Note 4.

Catherine Jamieson, a spouse of a director, was paid a total salary of £122,053 (2016: 77,421) and consultancy fees totalling £nil (2016: £14,200). Amounts owed to Catherine Jamieson as at 31 December 2017 were £nil (31 December 2016: £nil).

Tom Guyatt, an employee of Osirium and son of a Director, was paid a gross salary of £68,479 in 2017 (2016: £65,142). Amounts owed to Tom Guyatt as at 31 December 2017 were £nil (31 December 2016: £nil).

Simon Hember, a non-executive Director, is also a director of the company Acumin Consulting Limited. Acumin Consulting Limited invoiced Osirium £54,360 (2016: £39,700) during the period for recruitment fees with £4,680 (2016: £10,440) being owed to Acumin as at 31 December 2017.

Simon Hember is also a director in Rant Events Limited which invoiced Osirium £nil (2016: £3,000) in the period for cyber events. There was no balance owing to Rant Events Limited as at 31 December 2017 (2016: £nil).

Related party share options issued:

Related Party	Year ended 31-Dec-17 £	14 month Period ended 31-Dec-16 £
D A Guyatt (Chief executive officer)	**638,387**	638,387
S P G Lee (Non-executive chairman)	**120,000**	120,000
K L Pearce (Director in Osirium Limited)	**324,869**	324,869
T Guyatt (son of director)	**51,971**	51,971
C Jamieson (spouse of director)	**103,943**	103,943
R G Hutton (Chief financial officer)	**38,978**	38,978
S Purdham (Non-executive director)	**25,985**	25,985
S Hember (Non-executive director)	**25,985**	25,985

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. OPERATING LEASES

The minimum lease payments under non-cancellable operating lease rentals are in aggregate as follows:

Land and buildings	**Year ended 31-Dec-17 £**	14 month Period ended 31-Dec-16 £
Amounts due:		
Within one year	**52,724**	–
Between one and five years	**186,686**	–
After five years	**–**	–
	239,410	–

There was no provision for the period ended 31 December 2016, as the Group's lease for the premises was on a rolling monthly contract until they moved premises part way through the year ended 31 December 2017.

23. SHARE OPTIONS

The company issues equity-settled share based payments to certain employees of the group under which the group receives services as consideration for equity instruments (options). Options are exercisable at 42p, 58p, £1.90 and £1.92 per share.

	Options #	Weighted average exercise price £
Granted 6 April 2016	374,046	0.42
Granted 6 April 2016	739,254	0.58
Granted 12 September 2016	584,673	1.90
Granted 26 September 2016	25,985	1.92
Forfeited during the year	–	–
Exercised during the year	–	–
Outstanding at 31 December 2016	1,723,958	1.01
Exercisable at 31 December 2016 and 2017	–	–

As at 31 December 2017 none of the share options have been exercised.

The vesting conditions of the share options require the group to achieve a turnover target of £12m.

The estimated fair value of the options granted in each period was calculated by using the Black-Scholes model and the following inputs:

Grant Date:	26-Sep-16	12-Sep-16	06-Apr-16	06-Apr-16
Share price at grant date	£1.93	£1.90	£1.56	£1.56
Exercise price	£1.92	£1.90	0.58p	0.42p
Expected volatility	40%	40%	40%	40%
Expected life	3.26 yrs	3.30 yrs	3.74 yrs	3.74 yrs
Risk free rate	0.50%	0.50%	0.50%	0.50%
Expected dividend yield	0%	0%	0%	0%

Expected volatility was determined by calculating the historical volatility of similar companies share prices over the previous 4-5 years, or over such shorter periods as the available data permitted. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of nontransferability, exercise restrictions and behavioural considerations.

In the year ended 31 December 2017 the share based payment charge is £nil (14 month period ended 31 December 2016: £96,897).

The charge for the prior period is in relation to the remaining value of the pre-existing share options in Osirium Limited which were replaced by the options in Osirium Technologies Plc issued at 6 April 2016. No charge has been recognised in respect of options granted in the period due to a combination of the share option exercise price being well above the historical average share price and the uncertain timing of the meeting of all vesting conditions, including group turnover of £12,000,000.

24. ULTIMATE CONTROLLING PARTY

As at 31 December 2017 Osirium Technologies Plc had no ultimate controlling party.

25. POST BALANCE SHEET EVENTS

Osirium Technologies Plc placed 3,144,931 new ordinary shares at a price of 134 pence per Share to raise £4,200,000 (before expenses).

NOTICE OF ANNUAL GENERAL MEETING

OSIRIUM TECHNOLOGIES PLC

(Incorporated and registered in England and Wales with registered number 09854713)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of Osirium Technologies Plc (the "Company") will be held at the offices of Stifel Nicolaus Europe Limited, 4th Floor, 150 Cheapside, London EC2V 6ET on Thursday, 24 May 2018 at 11:00 am for the purpose of considering and, if thought fit, passing the following resolutions of which Resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions and Resolution 6 will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1 THAT the Company's annual accounts for the financial year ended 31 December 2017 together with the Directors' Report and Auditor's Report on those accounts be received, considered and adopted.

2 THAT RSM UK Audit LLP be re-appointed as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company, and the Directors be authorised to determine their remuneration.

3 THAT Simon Lee who, being eligible, is offering himself for election, be re-appointed as a director of the Company.

4 THAT Rupert Hutton who, being eligible, is offering himself for election, be re-appointed as a director of the Company.

5 THAT the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to allot shares (or to grant rights to subscribe for or to convert any security into shares) in the Company for all and any purposes approved by the Directors, up to an aggregate nominal value equal to the sum of £45,180, representing one-third of the Company's issued share capital at the date of this Notice and so that such authority shall, save to the extent that it is earlier renewed or extended by resolution passed at a general meeting, expire 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution but the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require shares (or rights to subscribe for or to convert any security into shares) in the Company to be allotted after the expiry thereof and the Directors may allot shares (or grant rights) in pursuance of such offer or agreement notwithstanding the expiry of the authority given by this resolution.

SPECIAL RESOLUTION

6 THAT, subject to and conditional upon the passing of Resolution 5 above and in addition to any existing authorities in that regard, the Directors be and are hereby empowered pursuant to section 571 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560(1) of the Act) which are the subject of the authority given in accordance with Resolution 5 above for cash, as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the grant of options to subscribe, and the allotment of, ordinary shares of £0.01 each in the capital of the Company pursuant to the Osirium Technologies Plc Enterprise Management Incentive (EMI) Share Option Plan 2016 adopted by resolution of the Board on 6 April 2016; and

(b) the allotment otherwise than pursuant to sub-paragraph (a) above of equity securities up to an aggregate nominal value of £20,331.31, representing 15% of the Company's issued share capital at the date of this Notice.

Such authority, unless previously renewed, extended, varied or revoked by the Company in general meeting, shall expire 15 months after the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require equity securities in the Company to be allotted after the expiry thereof and the Directors may allot equity securities in the Company in pursuance of such offer or agreement notwithstanding the expiry of the authority given by this resolution.

Dated: 23 April 2018

By order of the Board,
MARTIN KAY
Company Secretary

REGISTERED OFFICE:
One Central Square
Cardiff CF10 1FS

NOTES:

1 As at 23 April 2018 (being the latest practicable date before publication of this document), the issued share capital of the Company comprised 13,554,211 ordinary shares of 1 pence each and the total number of voting rights was 13,554,211. There are no shares in the capital of the Company held by the Company in treasury.

2 Shareholders entitled to attend and vote at the Annual General Meeting are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote (including on a poll) on their behalf at the meeting and at any adjournment of it. A form of proxy for use by shareholders is available for download on the company's website www.osirium.com (the "Form of Proxy"). A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Each proxy should be appointed by a separate Form of Proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of ordinary shares held by you). A proxy need not be a member of the Company but must attend the Annual General Meeting in person.

3 Details of how to appoint the Chairman of the meeting or another person as your proxy are set out in the notes to the Form of Proxy.

4 To be valid any Form of Proxy or other instrument appointing a proxy must be received by post at, or (during normal business hours) delivered by hand to, Neville Registrars Ltd., Neville House, 18 Laurel Lane, Halesowen B63 3DA by no later than 11:00 am on 22 May 2018, together with, if appropriate, the original power of attorney or other authority (if any) under which the Form of Proxy is signed or a duly certified copy of that power or authority. In the case of a corporation, the Form of Proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised. The return of a completed Form of Proxy or other such instrument will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so. Any shareholder who appoints a proxy but who attends in person shall have his/her proxy terminated automatically. If a shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

5 If two or more persons are joint holders of a share then, in voting on any question, the vote of the senior who tenders a vote (whether in person or by proxy), shall be accepted to the exclusion of the votes of the other joint holder(s). Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

6 A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. If no voting indication is given, your proxy will vote or abstain from voting at his/her discretion. Your proxy will vote (or abstain from voting) as he/she thinks fit in relation to any other matter which is put before the Annual General Meeting.

7 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the Company's register of members at the close of business on 22 May 2018 (or, in the event of any adjournment, at the close of business on the date which is two days before the time of the adjourned meeting) shall be entitled to attend, speak and vote at the Annual General Meeting. Changes to the register of members after the relevant deadline shall

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

be disregarded in determining the rights of any person to attend and vote at the meeting.

FURTHER EXPLANATORY NOTES:

Resolutions 3 and 4

Under the Company' articles of association directors are required to retire every three years. To allow rotation on an annual basis, and avoid re-election of all directors in every third year, the Directors propose that two members of the Board, Simon Lee (Chairman) and Rupert Hutton (CFO), retire at this year's AGM and stand for re-election. If re-elected they will not be required to stand for re-election until 2021.

Resolution 3 proposes the re-appointment of Simon Lee as a director. Simon's brief biographical details can be viewed at https://osirium.com/osirium/people/simon-lee/.

Resolution 4 proposes the re-appointment of Rupert Hutton as a director. Rupert's brief biographical details can be viewed at https://osirium.com/osirium/people/rupert-hutton/.

Resolution 5

Resolution 5 renews the authority of the Directors to allot shares in the capital of the Company (or to grant rights to subscribe for or convert any securities into shares in the capital of the Company) up to one-third of the Company's issued share capital at the date of this Notice. This authority will expire 15 months after the passing of the resolution or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of the resolution.

Resolution 6

Resolution 6 renews the disapplication of pre-emption rights in relation to (i) option grants under the Company's EMI share option scheme and (ii) share issues for cash up to a nominal value of such shares equal to 15% of the Company's issued share capital as at today's date, extending the Board's existing authority. This authority will expire 15 months after the passing of the resolution or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of the resolution. Other than the grant of options under the Company's share option scheme in the ordinary course of business, there are no current plans to issue further shares pursuant to this authority (if renewed), but the Directors believe it to be in the best interests of shareholders to retain the flexibility to do so.

COMPANY INFORMATION

DIRECTORS	D.A. Guyatt R.G. Hutton S.P.G. Lee S. Purdham S.E.H. Hember
COMPANY SECRETARY	M. Kay
REGISTERED OFFICE	One Central Square Cardiff CF10 1FS
REGISTERED NUMBER	09854713 (England & Wales)
ACCOUNTANTS	Randall & Payne LLP Chargrove House Shurdington Road Cheltenham Gloucestershire GL51 4GA
AUDITORS	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
NOMAD & BROKER	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
SOLICITORS	Blake Morgan LLP Six New Street Square London EC4A 3DJ

NOTES

OSIRIUM

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