ANNUAL REPORT 2018

OSIRIUM

SECURE • SCALE • SIMPLIFY

CONTINUED MOMENTUM AND GROWTH

"The PAM market is gaining pace. Our business growth is accelerating, with contract wins at new and existing customers. We're now set to maintain this momentum and further expand our market presence in 2019."

David Guyatt, CEO

CONTENTS

2018 WITH OSIRIUM AT A GLANCE

Operational Highlights

Continued Strong Performance

- Increased sales momentum with existing and new customers in the UK and abroad, demonstrated by total revenues up 48% and invoiced sales (bookings) up 34% YoY
- Inclusion in the Gartner Magic Quadrant of leading suppliers of Privileged Access Management solutions
- Expanded range of new customers in established sectors such as finance and retail, as well as securing new blue-chip accounts in the energy, manufacturing, travel and transport services sectors
- Continued renewals and growth in licences as evidence of a successful 'Land and Expand' strategy
- Renewal of largest customer, a leading global asset management company, for a further 12 months. Additional device licenses and professional services sales projected for 2019
- Largest international contract renewal to date with one of the leading telecommunications companies in the Middle East

Continued Investment in the Business

- Release of PxM Express, free version of the Osirium Platform, to drive Proof of Concept (PoC) initiatives with new prospects
- Investment in our second generation Task Automation solution, Opus, to broaden Osirium' s offering beyond cybersecurity into DevOps, NetOps and IT Service Management
- Investment in a Strategic Technology Partnership with RazorSecure to deliver cybersecurity solutions for Critical Infrastructure, Transport and Industrial IOT markets
- Release of PxM Platform for Microsoft Azure and Amazon Web Services
- Senior management team strengthened with appointment of Chris Heslop as Marketing Director

Post Year End

- Increasing conversion rate of PoCs to sales; more POCs scheduled for Q1 2019 than in the whole of 2018
  First customer win in North America
- Strong lead generation and presence at major industry events
- Successful early engagement with existing customers deploying Opus second generation task automation offering
- Technology Partnership with RazorSecure has enabled development of new Privileged Endpoint Management solution
- Further additions to management team Stuart McGregor (Sales Director) and Barry Scott (Customer Service Director)
- Further patents reinforcing innovation and competitive advantage

FINANCIAL HIGHLIGHTS

Total Revenue (2017: £647,580)

£957,461 up 48% YoY

Total Bookings (2017: £876,323)

£1,177,292 up 34% YoY

Operating Loss (2017: £2,296,814)

(£2,674,800)

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 2018 (2017: £1,023,811)

£2,386,624

Total Revenue comparison (**£309,881 Increase**)

Total revenue 2018:
£957,461

Total revenue 2017:
£647,580

Total Bookings comparison (**£240,969 Increase**)

Total bookings 2018:
£1,117,292

Total bookings 2017:
£876,323

Cash and Cash Equivalents comparison (**£1,362,813 Increase**)

Cash as at 31/12/2018:
£2,386,624

Cash as at 31/12/2017:
£1,023,811

HELPING
PROTECT & TRANSFORM
IT SECURITY SERVICES

Privileged Account Management - The Key to Cybersecurity

80%	of security breaches involved privileged credentials[1]
1bn+	data records breached in 2018[2]
62%	of organisations think it's possible they have suffered a breach through insider action[3]
3rd party	breaches are now the most expensive incidents for both enterprises and SMBs[4]
$3.6m	average cost of data breach in 2018[5]

Sources: 1. Forrester, 2. Tech Beacon, 3. Bomgar, 4. Cyber GRX, 5. IBM Security - Ponemon Institute.

In June 2018 Gartner listed Privileged Account Management (PAM) as the number one priority in a list of the top ten security projects for the year. The above results of independent market surveys give some indication of why. The most telling figure however is the assertion by Forrester that 80% of security breaches involve privileged credentials.

In previous times it may have been the CEO or the CFO who was the prime target for hackers. Today it's the Privileged Accounts - the System Administrators and Domain Administrators who manage the servers, hubs, switches, routers, databases and other devices that make up the critical infrastructure. For a cyber-attacker they represent the keys to the kingdom, the crown jewels. A successful attack opens the door to critical business or client information. A successful breach means untold financial, reputational and business damage to the affected party.

Understanding Where Breaches in Privileged Accounts Originate

Attack vector 1

Illegal access through privileged accounts
Sharing accounts
Weak and re-used passwords
Legacy accounts

Attack Vector 2

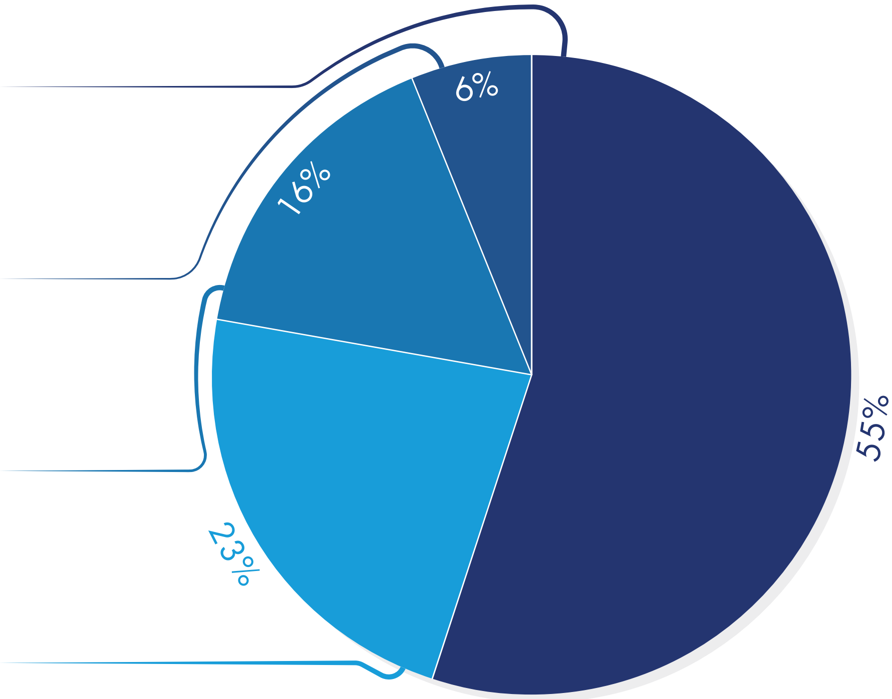
Abuse of authorised role
(don't care if they get caught)

Attack Vector 3

Abuse of authorised role
(don't want to get caught)

Attack Vector 4

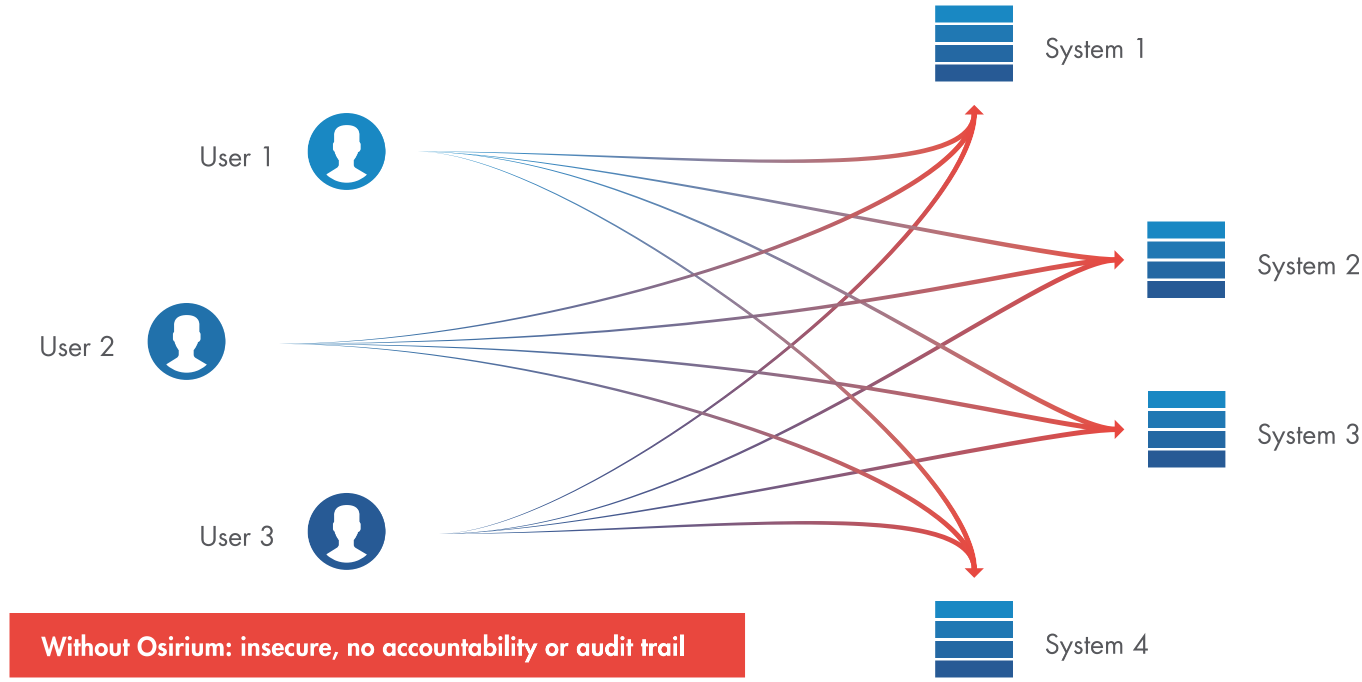
Over-privileged access
'Have-a-go' heroes
'Do-gooders'



Threats to Privileged Accounts come from multiple sources. This chart shows the four principle vectors of attack or risk, and the proportion of security breaches they represent.

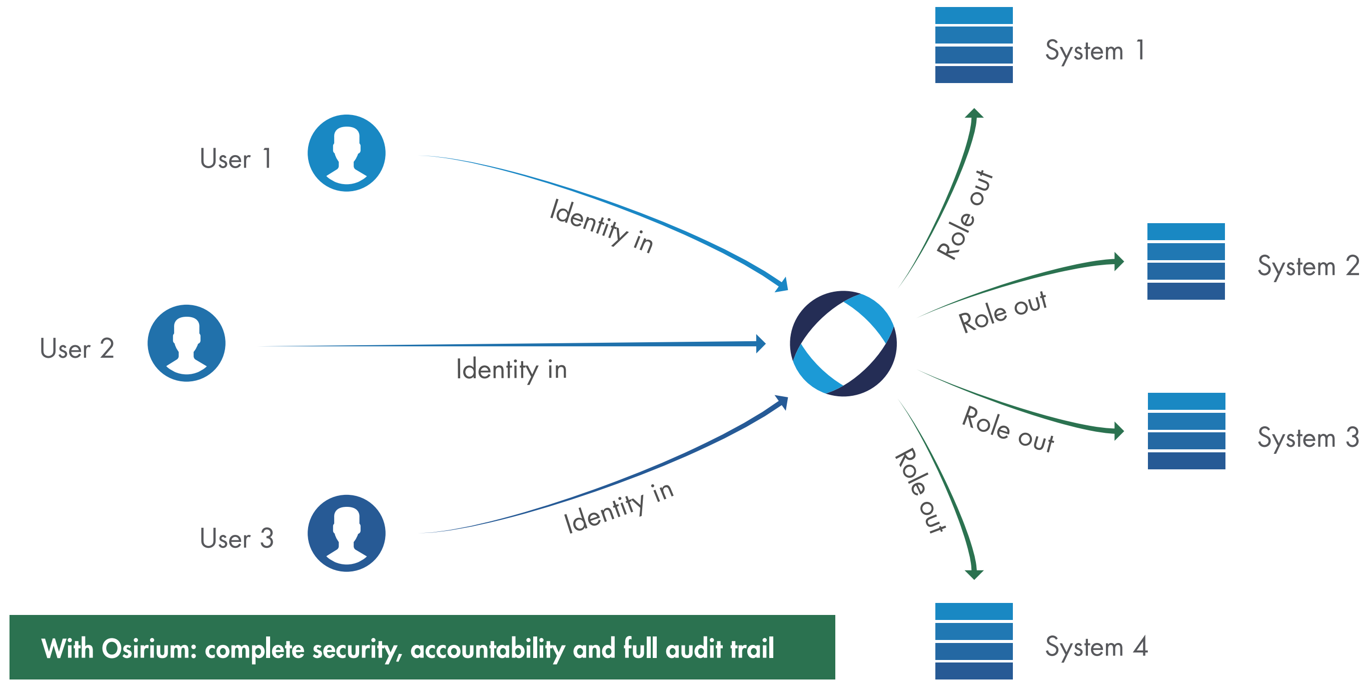
Attacks on organisations can come from both outside and inside the organisation. External attackers use techniques such as phishing or malware to compromise a user's system. From there, they may be able to access valuable privileged account information to access critical systems and infrastructure - the crown jewels for any attacker.

Inside attacks could be deliberate (for example, a disgruntled employee) or accidental (such as an employee trying to access systems they should not). Both can be catastrophic to the organisation.



Without Osirium:

A situation where network infrastructures with multiple Privileged Accounts managing multiple devices, switches, hubs, databases and operating systems rapidly leads to a complex organisational 'spider's web'. The result: an environment presenting myriad security breaches with a lack of control, an increasing management burden and costs, difficulties in visibility ('Who is doing what?') and poor auditability.



With Osirium:

Acting as a proxy, Osirium's PAM Solution elegantly manages the control of the Privileged Account environment. With simple, intuitive operation, we allow customers to enforce the Principle of Least Privilege, ensuring the right administrators have the right degree of privilege, to the right accounts and devices, for the right period of time, with detailed session recording and auditing.

The Result:

Substantially improved operations, reduced time and costs, with extensively reduced risk of security breaches.

Innovative, Comprehensive and Simple to Apply: the Osirium PAM Solution

Osirium's PAM solution enables and enforces "least privilege" policies: each user can only access those systems for which they are granted access. They never have access to privileged account credentials preventing them from being exposed to potential attackers.

Privileged Task Automation, enables automation of administrator tasks while protecting privileged credentials. Task automation users report significant time savings and the ability to delegate expensive 3rd line admin tasks to 1st line support desk operators.

PAM maintains full audit trail and includes Privileged Session Management for recordings of privileged account activity for forensic investigation following suspected attacks or for future training and documentation.

Finally, built-in behavioural analytics (Privileged Behaviour Management) learn "normal" user behaviour and highlight when privileged accounts are being mis-used.

What Customers Say About Us

"Out of the box, the Osirium platform lived up to our expectation. It makes obvious who can access what, where and when."

MKNETICS

"We have found using the Osirium PxM Solution a great deterrent to insider threat."

thinkmoney

"The PxM Platform adds a vital layer of control and accountability around managing our Third Parties."

MENTAL HEALTH CONCERN

Expanding the Osirium Family of Solutions

Osirium: Unified Privileged Access Management

Protect and Streamline IT Operations	Protect Privileged Accounts and Core Infrastructure	Protect Local Endpoints
Opus	**PAM**	**PEM**
Privileged Robotic Process Automation (RPA) for secure IT operations automation	Privileged Access Management including session recording, task automation and behavioural analytics	Local endpoint Privileged Application Managament to enable user productivity with least privilege

On-premise **In the cloud** **Hybrid**

Osirium solutions focus on addressing customer challenges by applying our expertise in privileged management to protect vital elements of the IT systems estate.

Our PAM solution, which to date has represented the largest part of the business, protects privileged accounts and the critical infrastructure from internal and external threats. New solutions are scheduled for 2019.

Opus builds on our first-generation Task Automation engine to deliver Privileged Robotic Process Automation capabilities that protect and streamline IT operations. Our Privileged Endpoint Management (PEM) solution provides endpoint security enabling users to access privileged applications on their local system while maintaining least privileged access.

Chairman & Chief Executive's Statement

Overview

We are pleased to report the final results for the 12 months ended 31 December 2018. Osirium continues to make strong progress and gain market share internationally. As well as winning new UK accounts in sectors such as financial services and retail, where we had an established presence, the Group also secured customers in the manufacturing, transport and energy and utility sectors.

Simon Lee
Chairman

David Guyatt
Chief Executive Officer

Building on earlier wins in the healthcare sector, the Group was awarded further contracts at two further NHS Trusts. Outside the UK, we were awarded a contract with a significant provider of financial services in the Middle East, and were delighted that a major account in the same region underlined its commitment to Osirium with the renewal of its contract.

Our Proof of Concept (POC) programme continues to be a strong key performance indicator (KPI) enabling us to better predict when our pipeline opportunities will close. At the beginning of 2019, the Group had more POCs scheduled for the first quarter than occurred in the whole of 2018 and the rate of conversion from POC to sale continues to increase.

In December 2018 we were delighted to be included in the Gartner Magic Quadrant for Privileged Access Management, and to be positioned as the highest European vendor of PAM solutions in terms of completeness of both vision and execution.

The Group is confident that there will be further progress in 2019 and beyond as new prospects are converted through our UK and international channel partners as the market for PAM becomes increasingly 'mainstream'. In addition, we expect to see further revenues from existing customers through the continued implementation of our 'land and expand' approach that continues to add value to the business.

Like any organisation Osirium is only as good as its employees. We are therefore very excited to have added excellent new hires across all technical and commercial functions over the course of the year. 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 cybersecurity becomes an even greater priority for corporates globally.

Results

Revenue was up £300,969 versus the same 12 month period in 2017. The revenue in each period was driven by the increase in bookings from £876,323 to £1,177,292 resulting in a 34% rise in total revenue for the comparable 12 month period in 2017. As at 31 December 2018, the Group had cash balances of £2,386,624.

Osirium's loss before tax for the 12 months to 31 December 2018 was £2,675,374 compared with a loss before tax of £2,292,624 for the 12 months ended 31 December 2017.

> **"Privileged access management is one of the most critical security controls, particularly in today's increasingly complex IT environment. Security and risk management leaders must use PAM tools in a long-term strategy for comprehensive risk mitigation."**
>
> Garnter Magic Quadrant, Privileged Access Management, December 2018

PAM will grow at 15.2% CAGR through 2022. Source: Gartner Information Security Forecast, Q4 2018.

Revenue for the 12 months was £957,461, versus £647,580 for the previous 12 month period.

The Group has also continued to increase its investment in R&D this past year. During this period, £1,439,119 has been capitalised, an increase of 15% 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, and working hard to exceed both new and prospective clients' expectations. The Group anticipates Software-as-a-Service (SaaS) revenues to increase further during 2019 and is also targeting increased service revenues with the addition of extra consultancy resource.

The Market – Increasing Validation, Widening Scope

2018 has been a year marked by repeated signs of industry and business validation for PAM, driven by a number of factors:

- Legislation and regulation, including GDPR and cyber-essentials
- Privileged Accounts increasingly becoming critical targets for cyber-attackers
- Damage to corporate reputation and brand
- Continued growth in the outsourcing of IT functions and the need to grant privileged access to third parties, including vendors, contractors, and service provider technicians in a managed regulated environment
- An increasing number of Internet of Things (IoT) connected work devices.

In this context, in early 2019 Gartner listed PAM as the number one priority in a list of the top ten security projects for the year. Building on our 2017 recognition by Gartner as a 'Cool Vendor', in December Osirium was included in Gartner's first ever PAM-specific Magic Quadrant, with similar market reports published by two other top software analysts, Kuppinger Cole and Forrester. By 2021, Gartner expects that 40% of organisations (up from less than 10% in 2018) using formal change management practices will have embedded and integrated PAM tools within them, significantly reducing the overall risk surface.

The scope for PAM continues to expand, increasingly touching on practices such as DevOps, a set of software development practices that combine software development and information technology operations to shorten the systems development life cycle. Gartner predicts that by 2021 over 50% of organisations using DevOps will adopt PAM-based products, rising rapidly from less than 10% in 2018.

Osirium sees further validation of the PAM market by the recent consolidation involving BeyondTrust, Bomgar, Avecto, Lieberman and Centrify. From being seen as a niche offering, PAM is now increasingly becoming an indispensable weapon in the portfolio of the cybersecurity vendors, as well as the security integrators and resellers that drive the market uptake.

Awareness of the business implications of PAM-related security risks has continued to rise, fuelled by high profile breaches at organisations such as British Airways, Facebook, T-Mobile, Marriott Hotels and FIFA. This has been matched by the proliferation of cybersecurity tradeshows, conferences, forums and seminars that specifically look to include Privileged Access Management as a major discussion topic.

At the same time, Osirium has seen a parallel expansion in the scope of PAM projects we run with our individual customers. In particular, the range of use cases spurring customers to invest time and money in our solutions has become broader and deeper:

- Manage the 'insider threat'
- Control privileged access for third party contractors
- Meet rigorous compliance obligations for GDPR

All of these drive more and more customers to acknowledge the need for PAM.

Chairman & Chief Executive's Statement

Our Strategy: innovation, customer focus, market expansion

To build on our current strengths and seize the opportunities presented by current market disruption we are focusing on three key strategies:

Commitment to innovation

- Next generation, full-featured PAM technology
- Transforming our award-winning, first generation Task Automation engine to address significant opportunities both in and beyond cybersecurity
- Partnerships with innovative technology providers including an initiative to develop a Privileged Endpoint Management solution
- Out-of-the-box integration with a wide range of complementary technologies
- Continued thought leadership activity and influencing of the influencers
- Four patents pending and a further two patents filed

Customer focus

- Running effective POC programmes, that are simple to run and demonstrate immediate value
- Broadening the range of use cases and operational challenges we address
- Continuing development of a Global Technical Support culture and infrastructure
- Driving entry-level deployments to create 'stickiness' and stimulate future demand
- Ramping up our 'land and expand' strategy, proving to customers the breadth and depth of innovation in our PxM platform

Market expansion

- Accelerating sales momentum and expanding our new prospects pipeline in a rapidly growing market
- Maintaining a direct-touch model to customers in conjunction with close collaboration with channel partners
- Growing market share through effective sales, marketing and support
- Expanding the Group's marketing momentum and evolving the Osirium brand into a confident and powerful global icon

Trading and Outlook: from Automating Security to Securing Automation

The Osirium proposition is strongly placed to take advantage of growing market awareness of PAM. We are building an increasing pipeline of opportunities across a wide range of industry sectors, with a well-defined POC model for engaging with new prospects and a consistent track record of expanding our business with existing customers.

In 2018, the Group solved customer problems and displaced competitors by offering high functionality PAM technology that was simple to deploy, with rapid time to value benefits, backed up by excellent support capabilities. A key differentiator has been our Task Automation capability, recognised by Gartner and other analysts, that minimises the attack surface by automating essential operational tasks and reducing the scope for errors and security breaches. We expect 'Automating Security' to continue to be an important factor for success in the cybersecurity marketplace in 2019.

However, our vision for Osirium goes beyond this. Building on our expertise in this field we are excited by the opportunities presented by our second-generation Opus Task Automation solution. Opus enables us to address not only PAM and cybersecurity threats, but also help customers to automate vital and complex process challenges in a secure environment. By opening up fields such as DevOps, NetOps and IT Service Management, Opus considerably expands the markets in which we can compete and win. 'Securing Automation' as well as 'Automating Security'.

Trading in the first four months of 2019 has been in line with our expectations and we are pleased to be able to announce multiple contract wins in Q1 2019. It is clear that the growing awareness of PAM in the market presents us with a substantial opportunity and the Board is currently evaluating options so as to ensure that Osirium is able to take advantage of this. This may result in Osirium carrying out a fundraise in 2019 with a view to accelerating sales growth and strengthening its balance sheet.

For these reasons, with the customer base we have established, and with the team we have built up at Osirium, the Group looks forward with confidence to 2019.

Simon Lee
Chairman

David Guyatt
CEO

7 May 2019

2018 FINANCIAL REVIEW

Financial Review

Overview

31 December 2018, revenue was £957,461, an increase of 48% compared with the year ended 31 December 2017: £647,580.

Bookings for twelve month period ended 31 December 2018, represented by total invoiced sales for annual subscriptions, were £1,177,292, an increase of 34% compared with twelve month period ended 31 December 2017 where bookings were £876,323.

The Group has significantly increased revenue and bookings, demonstrating greater customer engagement and investment.

The twelve month loss before tax for the Group was £2,675,374, a small increase from a loss of £2,292,624 for the year to 31 December 2017. The losses of the Group have increased following significant investment in increasing headcount and activity levels in our sales, pre sales marketing and engineering departments of the business.

Revenue analysis

Revenue for the twelve month period ended 31 December 2018 was £957,461 (2017: £647,580). Customer numbers almost doubled for the year ended 31 December 2018 to 59 from 30 as at the end of December 2017. This reflects the increasing sales momentum felt within the business as the Group increases its customer base, and customer demand in the market for a PAM solution grows.

Our deferred revenues as at 31 December 2018 were £725,000, compared with deferred revenues at the end of December 2017 of £505,000, 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 £407,606 being claimed for the year to 31 December 2018, compared with £409,421 for the previous year to 31 December 2017. This further demonstrates the consistent investment made in the Company's innovative cybersecurity product.

Loss per share

Loss per share for the year on both a basic and fully diluted basis was 17p. In the prior year the basic and diluted loss per share was 18p.

Results and dividend

The Directors are not recommending the payment of a final dividend (2017: £nil).

Research and development & capital expenditure

The Group spent £1,439,119 (2017: £1,254,268) 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 ever expanding new market requirements of the fast paced cybersecurity market.

Future developments

The Group has embarked upon a strategy which will extend its activities to the provision of cybersecurity 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 £2,386,624 (2017: £1,023,811).

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

Net cash used in operating activities for the period was £1,173,618 (2017: £1,232,558).

Rupert Hutton
CFO

7 May 2019

Key Performance Indicators (KPIs)

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

Bookings are monitored on a monthly basis and reported in detail at board meetings. Bookings have increased by 34% to £1,177,292 for the year to 31 December 2018 from £876,323 for the year ended 31 December 2017.

As a result of the increase in booking, the revenue KPI is performing well, with total revenue up 48% to £957,461 (2017: £647,580), for the periods under review.

Non-financial KPIs include:

- New channel partners: with a UK distributor and two overseas distributors signed up to date and business development directors appointed in the Middle East and Germany, the Board is pleased with this progress.

- Customer retention: All bar one customer were retained (a loss of £6,500 in revenue and bookings) in the year, which compares favourably with our SaaS peers highlighting the 'mission-critical' nature of our solution and customer satisfaction.

- New customer wins: We were fortunate to add 14 new customers in 2018 and expect this growth to continue as PAM becomes mainstream. POCs have also increased now that the Group has more resources to support this activity and this is giving us greater control over the timing of closing new sales from our sales pipeline, not only in the UK but with our fledgling partners overseas.

- Average contract values have increased from our existing base as customers add devices and roll Osirium's solutions out across their wider IT estates both in the UK and abroad; further evidence that our stated 'land and expand' objective with customers is working.

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'.

Rupert Hutton
CFO

7 May 2019

HOW OSIRIUM **MANAGES RISK**

How Osirium Manages Risk

Principle 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:

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

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 frst 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 3 to 14, was approved by the board on 7 May 2019.

Rupert Hutton
CFO

7 May 2019

CORPORATE GOVERNANCE REPORT

Osirium Board of Directors

Simon Lee (58)
Non-Executive Chairman

Simon Lee is an International Advisor to Fairfax Financial where he sits on the Boards of Brit Syndicates Ltd and Fairfax International (Barbados) Ltd. He is also on the Global Advisory Board of Afiniti Ltd, Non Executive Director of TIA and Atlas Mara Bank and Chairman of iDefigo Ltd and 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 (59)
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 (52)
Chief Financial Officer

Rupert is an experienced CFO, having worked for three AIM-listed businesses, including two IPOs, several fundraises and three exits, with two to trade buyers and one to private equity.
Rupert's most recent deal was while he was working at Artilium Plc and was instrumental in the sale to NYSE listed Pareteum for $104.7 million (or £78.0 million).
Rupert previously 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 KeyedIn Solutions an international, US private equity backed software business based in Bloomington, Minnesota.
Rupert's early career was served as Group Finance Director of the Milton Keynes and North Bucks Chamber of Commerce Training and Enterprise.
Rupert trained with Grant Thornton and has an AMBA accredited Masters in Business Administration and is a Fellow of the Association of Chartered Certified Accountants.

OSIRIUM

Stephen (Steve) Purdham (62)
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.

Osirium Senior Management Team

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 LANbased 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.

OSIRIUM

Stuart McGregor
Sales Director

Stuart has over 20 years in the IT industry with a breadth of experience in leading direct and channel sales teams of SaaS and on-premise solutions into mid-market and enterprises across EMEA.

Most recently he was Sales Director for Privileged Access Management vendor, Bomgar, where he established an EMEA operation and led the UK and Northern Europe sales teams. Stuart saw local revenues grow by over 600% and sales operations created in UK, Netherlands, Germany and France. Stuart was also a member of Bomgar's Global Leadership team and managed the integration of sales operations of the acquired Lieberman, Avecto and BeyondTrust businesses.

Stuart has also held successful sales and consulting management positions at EMC, UK start-up software company Thunderhead, BroadVision and Oracle.

Chris Heslop
Marketing Director

Chris has over 25 years' experience in EMEA and worldwide enterprise software solutions marketing and sales. At Osirium he leads the Marketing team, with focus on field and product marketing, campaigns and developing the Osirium brand and market presence.

Prior to Osirium Chris served as Marketing Director for the successful MIMEsweeper content security business from early stages to its sale, building up the marketing team from a small, marcoms-orientated team into a global operation encompassing strategy, channels, brand, product, demand generation and communications. He has extensive experience in the industry of leading marketing teams in a variety of sectors, including cybersecurity and supply chain, with senior roles with Vocollect, Honeywell, PolicyMatter and Fujitsu ICL.

Barry Scott
Customer Services Director

Barry's career in IT infrastructure and operations spans more than 30 years, across a wide range of verticals and many different technologies. For the last 16 years, Barry has worked for startup software vendors in the Identity and Access Management (IAM), Privileged Access Management (PAM) and Identity as a Service (IDaaS) fields.

Barry helped to grow those companies across EMEA by building technical teams to fulfil customer pre- and post-sales needs, speaking at events across the region and blogging on topics such as GDPR. He was most recently EMEA CTO for Centrify Corporation.

Corporate Governance Report

In the year, the Company adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") in line with the London Stock Exchange's changes to the AIM Rules requiring all AIM quoted companies to adopt and comply with a recognised corporate governance code and detail how it complies with that code, and where it departs from its chosen corporate governance code an explanation of the reasons for doing so. The underlying principle of the QCA Code is that "*the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term*".

For further details see document on website at https://osirium.com/investors/corporate-governance.

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.

Determination of Directors' and Senior Management's Salaries. The Remuneration Committee believes that the interests of the executive directors, other Group Company directors, senior management and staff and those of the shareholders and other stakeholders are best aligned by a remuneration policy that provides a base salary together with awards under the Group's Share Option Scheme and/or the award of bonuses paid for through the issue of shares. The Remuneration Committee reviews and determines annually directors' and senior management's salaries in relation to the tasks and responsibilities involved and the level of comparable salaries in the market place. In particular, the Committee seeks to ensure that salaries are competitive. In its final determination of salaries, the Committee's conclusions are set within what is affordable.

Report of the Directors

The directors present their report and the financial statements of the Group for the year ended 31 December 2018.

Principal Activities

Osirium is a UK based cybersecurity 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 (2017: £nil).

Directors

The directors shown below have held office during the whole of the period from 1 January 2018 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%
Hsbc Global Custody Nominee (UK) Limited	1,000,000	7.38%
Mr David Ashley Guyatt	950,052	7.01%
Octopus Aim VCT Plc	928,529	6.85%
Nortrust Nominees Limited	784,349	5.79%
Octopus Investments Nominees Limited	781,202	5.76%
Rathbone Nominees Limited	727,800	5.37%
State Street Nominees Limited	656,851	4.85%
Cgwl Nominees Limited	627,095	4.63%
Octopus Aim VCT 2 Plc	619,021	4.57%
BNY (OCS) Nominees Limited	507,079	3.74%
Cotmandene Nominees Limited	429,297	3.17%

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 3 to 14 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 13 June 2019 at 11.00am. On behalf of the Board of Directors.

On Behalf of the Board
David Guyatt
CEO

7 May 2019

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 year.

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 appropriated 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 2018 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 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the 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

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. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. During planning FSM for the group financial statements as a whole was calculated as £108,000, which was updated during the course of our audit resulting in a final FSM of £100,000. FSM for the parent company financial statements as a whole was calculated as £75,000, which was not significantly 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 £5,000, as well as differences below that threshold 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 32, 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.

Use of our 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

8 May 2019

Consolidated Statement of Comprehensive Income

	Notes	**Year ended 31-Dec-18 £**	Year ended 31-Dec-17 £
Continuing operations			
Revenue	3	**957,461**	647,580
Gross profit		**957,461**	647,580
Other operating income		**6,300**	—
Administrative expenses		**(3,638,561)**	(2,944,394)
Operating loss		**(2,674,800)**	(2,296,814)
Finance costs		**(1,125)**	—
Finance income	6	**551**	4,190
Loss before tax		**(2,675,374)**	(2,292,624)
Income tax credit	7	**407,606**	409,421
Loss for the year attributable to the owners of Osirium Technologies PLC		**(2,267,768)**	(1,883,203)
Loss per share from continuing operations:		**17p**	18p
Basic and diluted loss per share		**17p**	18p

Consolidated Statement of Financial Position

	Notes	As at 31-Dec-18 £	As at 31-Dec-17 £
Assets			
Non-current assets			
Intangible assets	9	**2,307,235**	1,731,856
Property, plant & equipment	10	**52,920**	80,168
Current assets			
Trade and other receivables	12	**748,011**	622,618
Cash and cash equivalents	13	**2,386,624**	1,023,811
		3,134,635	1,646,429
Total assets		**5,494,790**	3,458,453
Liabilities			
Current liabilities			
Trade and other payables	15	**1,170,306**	857,734
		1,170,306	857,734
Non-current liabilities			
Deferred tax	18	**–**	–
		–	–
Total liabilities		**1,170,306**	857,734
Equity			
Shareholders' equity			
Called up share capital	16	**135,542**	103,944
Share premium	17	**8,968,554**	5,008,619
Share option reserve	23	**337,559**	337,559
Merger reserve	17	**4,008,592**	4,008,592
Retained earnings	17	**(9,125,763)**	(6,857,995)
Total equity attributable to the owners of Osirium Technologies PLC		**4,324,484**	2,600,719
Total equity and liabilities		**5,494,790**	3,458,453

The financial statements on pages 36 to 62 were approved and authorised for issue by the board of directors on 7 May 2019. The accompanying notes are an integral part of these financial statements.

Signed on behalf of the board of directors
David Guyatt
CEO

7 May 2019

Company Statement of Financial Position

	Notes	As at 31-Dec-18 £	As at 31-Dec-17 £
Assets			
Non-current assets			
Investment in subsidiary	11	**354,445**	**354,445**
Current assets			
Trade and other receivables	12	**5,375,361**	**4,237,680**
Cash and cash equivalents	13	**2,216,249**	**25**
		7,591,610	**4,237,705**
Total assets		**7,946,055**	**4,592,150**
Liabilities			
Current liabilities			
Trade and other payables	15	**154,584**	**118,571**
		154,584	**118,571**
Non-current liabilities			
Deferred tax	18	**–**	**–**
		–	**–**
Total liabilities		**154,584**	**118,571**
Equity			
Shareholders equity			
Called up share capital	16	**135,542**	**103,944**
Share premium	17	**8,968,554**	**5,008,619**
Share option reserve	23	**337,559**	**337,559**
Retained earnings	17	**(1,650,184)**	**(976,543)**
Total equity attributable to the owners of Osirium Technologies PLC		**7,791,471**	**4,473,579**
Total equity and liabilities		**7,946,055**	**4,592,150**

The financial statements on pages 36 to 62 were approved and authorised for issue by the board of directors on 7 May 2019. 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 £673,641 (2017: £480,325).

Signed on behalf of the board of directors
David Guyatt
CEO

7 May 2019

Consolidated Statement of Changes in Equity

	Called up share capital £	Retained earnings £	Share premium £	Merger reserve £	Share option reserve £	Total equity £
Balance at 1 January 2017	103,944	(4,974,792)	5,008,619	4,008,592	337,559	4,483,922
Changes in equity						
Total comprehensive loss	–	(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
Changes in equity						
Issue of share capital	31,598	–	4,202,609	–	–	4,234,207
Issue costs	–	–	(242,674)	–	–	(242,674)
Total comprehensive loss	–	(2,267,768)	–	–	–	(2,267,768)
Balance at 31 December 2018	**135,542**	**(9,125,763)**	**8,968,554**	**4,008,592**	**337,559**	**4,324,484**

Company Statement of Changes in Equity

	Called up share capital £	Retained earnings £	Share premium £	Share option reserve £	Total equity £
Balance at 1 January 2017	103,944	(496,218)	5,008,619	337,559	4,953,904
Changes in equity					
Total comprehensive loss	–	(480,325)	–	–	(480,325)
Balance at 31 December 2017	**103,944**	**(976,543)**	**5,008,619**	**337,559**	**4,473,579**
Changes in equity					
Issue of share captial	31,598	–	4,202,609	–	4,234,207
Issue costs	–	–	(242,674)	–	(242,674)
Total comprehensive loss	–	(673,641)	–	–	(673,640)
Balance at 31 December 2018	**135,542**	**(1,650,184)**	**8,968,554**	**337,559**	**7,791,471**

Consolidated Statement of Cash Flows

	Notes	Year ended 31-Dec-18 £	Year ended 31-Dec-17 £
Cash flows from operating activities			
Cash used in operations	14	**(1,580,100)**	**(1,523,979)**
Interest paid		**(1,125)**	**-**
Tax received	7	**407,606**	**291,421**
Net cash used in operating activities		**(1,173,619)**	**(1,232,558)**
Cashflows used in investing activities			
Purchase of intangible fixed assets	9	**(1,439,119)**	**(1,254,268)**
Purchase of tangible fixed assets	10	**(16,533)**	**(66,347)**
Interest received	6	**551**	**4,190**
Net cash from investing activities		**(1,455,101)**	**(1,316,425)**
Cash flows from financing activities			
Share issue (net of issue costs)		**3,991,533**	**-**
Net cash from financing activities		**3,991,533**	**-**
Increase/(decrease) in cash and cash equivalents		**1,362,813**	**(2,548,983)**
Cash and cash equivalents at beginning of year		**1,023,811**	**3,572,794**
Cash and cash equivalents at end of year		**2,386,624**	**1,023,811**

Company Statement of Cash Flows

	Notes	Year ended 31-Dec-18 (Audited) £	Year ended 31-Dec-17 (Audited) £
Cash flows from operating activities			
Cash used in operations	14	**(1,775,309)**	**(3,005,800)**
Tax received	7	**–**	**–**
Net cash used in operating activities		**(1,775,309)**	**(3,005,800)**
Cash flows from financing activities			
Share issue (net of issue costs)		**3,991,533**	**–**
Net cash from financing activities		**3,991,533**	**–**
Increase/(decrease) in cash and cash equivalents		**2,216,224**	**(3,005,800)**
Cash and cash equivalents at beginning of year		**25**	**3,005,825**
Cash and cash equivalents at end of year		**2,216,249**	**25**

Notes to the Financial Statements

Osirium Technologies 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 fund raise in the year that raised £4m net cash in March 2018.

New and Amended Standards and Interpretations

New standards, amendments and interpretations effective after 1 January 2018 were not early adopted by Osirium.

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 has adopted IFRS 9 in this accounting year beginning on 1 January 2018.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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.

1. Significant Accounting Policies (continued)

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 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 year 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:

Notes to the Financial Statements

- The technical feasibility of completing the intangible asset so that it will be available for us 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 probably 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 year 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 year 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, 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 and 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 two (2017: three) customers that all represented over 10% of total revenue each. The total revenue for these two customers was £339,256 (2017: £352,880) which represents 35% (2017: 55%) of the Group's total income for the year:

Year ended 31 December 2018	£	%
Customer 1	133,660	14%
Customer 2	205,596	21%
	339,256	35%

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

4. Employees and Directors

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

	Year ended 31-Dec-18 £	Year ended 31-Dec-17 £
Wages & salaries	**2,463,490**	2,006,832
Social security costs	**288,919**	237,099
Other pension costs	**100,502**	88,015
	2,852,911	2,331,946
Less R&D capitalised amounts	**(1,329,433)**	(1,156,100)
	1,523,478	1,175,846

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

	Year ended 31-Dec-18	Year ended 31-Dec-17
Directors & management	**5**	8
Development	**19**	14
Sales & Presales	**11**	4
Support	**5**	3
Marketing	**3**	3
	43	32

The parent company had no employees in the year (2017: nil).

Directors' Remuneration

Year ended 31 December 2018

	Salaries	**Bonus**	**Pension**	**Total**	**2017 Total**
D A Guyatt	230,125	–	8,100	238,225	243,210
S P G Lee	50,000	–	–	50,000	35,256
R G Hutton	59,280	–	3,000	62,280	48,434
S Purdham	20,000	–	–	20,000	20,000
S E H Hember	19,400	–	1,200	20,600	20,600
Total	378,805	–	12,300	391,105	367,500

Notes to the Financial Statements

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

	Group	
	Year ended 31-Dec-18	Year ended 31-Dec-17
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-18 £	Year ended 31-Dec-17 £
Remuneration	**724,285**	671,743
Social security costs	**80,394**	72,561
Pension contributions	**22,050**	29,500
Total key management personnel compensation	**826,729**	773,804

Director's Interests in Share Options

	Award date	Price on award date	Exercise price	Options at 31-Dec-18	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 year (2017: None).

5. Loss from Operations

This is stated after charging:

	Group	
	Year ended 31-Dec-18 £	Year ended 31-Dec-17 £
Amortisation	**863,740**	656,862
Depreciation	**43,781**	30,494
Operating Leases	**54,499**	36,599
Foreign exchange differences	**3,836**	6,944

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

	Group	
	Year ended 31-Dec-18 £	Year ended 31-Dec-17 £
Auditors remuneration for these accounts:	**32,000**	35,000
Auditor's remuneration for other services:		
Review of interim financial statements	**–**	3,500
Tax advisory	**–**	9,500
	32,000	48,000

6. Finance Income

	Year ended 31-Dec-18 £	Year ended 31-Dec-17 £
Finance income:		
Deposit account interest	**551**	1,865
Other interest received	**–**	2,325
	551	4,190

The company had no finance income in the year (2017: nil).

Notes to the Financial Statements

7. Income Tax

Analysis of Tax Income

	Year ended 31-Dec-18 £	Year ended 31-Dec-17 £
Current Tax:		
Tax	**(408,000)**	(408,000)
Adjustment for prior year tax	**394**	(1,421)
Total current tax	**(407,606)**	(409,421)
Total credit in the statement of comprehensive income	**(407,606)**	(409,421)

For the year ended 31 December 2017 successful R&D tax claims were submitted and paid by HM Revenue & Customs in the year ended 31 December 2018. Management intend to submit similar claims for the 2018 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-18 £	Year ended 31-Dec-17 £
Loss before tax	**(2,675,374)**	(2,292,624)
Loss before tax multiplied by the applicable rate of corporation tax of 19% (2017: 19%)	**(508,321)**	(435,598)
Unrelieved tax losses	**507,927**	437,019
R&D tax credit relief	**408,000**	408,000
Income Tax Income	**407,606**	409,421

As at 31 December 2018 the group had unutilised tax losses of £4,086,939 (31 December 2017: £4,086,939) 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.

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-18	Year ended 31-Dec-17
Weighted average no. of shares in issue	**12,500,892**	10,394,255
Weighted average no. of shares for the purposes of basic earnings per share	**12,500,892**	10,394,255
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Weighted average no. of shares for the purposes of diluted earnings per share	**12,500,892**	10,394,255
Basic losses attributable to equity shareholders	**(2,267,768)**	(1,883,203)
Losses for the purposes of diluted earnings per share	**(2,267,768)**	(1,883,203)
Basic loss per share	**(18p)**	(18p)
Diluted loss per share	**(18p)**	(18p)

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 year.

At 31 December 2018, there were 1,823,844 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 years presented.

9. Intangible Fixed Assets

	Development Costs £
Cost	
At 1 January 2017	3,226,047
Additions to 31 December 2017	1,254,268
At 1 January 2018	4,480,315
Additions to December 2018	1,439,119
At 31 December 2018	5,919,434
Amortisation:	
At 1 January 2017	2,091,597
Charge to 31 December 2017	656,862
At 1 January 2018	2,748,459
Charge to 31 December 2018	863,740
At 31 December 2018	3,612,199
Net book value:	
At 31 December 2017	1,731,856
At 31 December 2018	2,307,235

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

Notes to the Financial Statements

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 2018.

10. Property, Plant & Equipment

	Fixtures and Fittings £	Computer Equipment £	Total £
Cost			
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
Additions	791	15,742	16,533
At 31 December 2018	15,633	153,766	169,399
Depreciation			
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
Charge for year	3,151	40,630	43,781
At 31 December 2018	9,403	107,076	116,479
Net Book Value			
At 31 December 2017	8,590	71,578	80,168
At 31 December 2018	6,230	46,690	52,920

The company had no property, plant & equipment as at 31 December 2018. Depreciation is charged to administrative expenses in the income statement.

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%

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

	Osirium Limited 2018 £	Osirium Limited 2017 £
Net book value of investment in subsidiary	**354,445**	354,445

12. Trade and Other Receivables

	Group		Company	
	As at 31-Dec-18 £	As at 31-Dec-17 £	**As at 31-Dec-18 £**	As at 31-Dec-17 £
Current:				
Trade receivables	**244,642**	121,082	**–**	–
Other receivables	**408,000**	408,000	**–**	–
VAT	**–**	6,804	**–**	–
Prepayments	**95,369**	86,732	**5,058**	5,001
Amounts due from group undertakings	**–**	–	**5,370,303**	4,232,679
	748,011	622,618	**5,375,361**	4,237,680

All trade receivable invoices that make up the balances were invoiced on or after 11 September 2018.

As at 31 December 2018 Osirium had no material receivables past due but not impaired (31 December 2017: £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-18 £	As at 31-Dec-17 £	**As at 31-Dec-18 £**	As at 31-Dec-17 £
Cash and cash equivalents	**2,386,624**	1,023,811	**2,216,249**	25

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

Notes to the Financial Statements

14. Reconciliation of Loss Before Income Tax to Cash Used in Operations

	Group		Company	
	Year ended 31-Dec-18 £	Year ended 31-Dec-17 £	**Year ended 31-Dec-18 £**	Year ended 31-Dec-17 £
Loss before income tax	**(2,675,374)**	(2,292,624)	**(673,641)**	(480,325)
Depreciation charges	**43,781**	30,494	**–**	–
Amortisation charges	**863,740**	656,862	**–**	–
Share option charge	**–**	–	**–**	–
Finance costs	**1,125**	–	**–**	–
Finance income	**(551)**	(4,190)	**–**	–
	(1,767,279)	(1,609,458)	**(673,641)**	(480,325)
Increase in trade and other receivables	**(125,393)**	(123,725)	**(1,137,681)**	(2,499,300)
Increase/(decrease) in trade and other payables	**312,572**	209,204	**36,013**	(26,175)
Cash used in operations	**(1,580,100)**	(1,523,979)	**(1,775,309)**	(3,005,800)

15. Trade and Other Payables

	Group		Company	
	As at 31-Dec-18 £	As at 31-Dec-17 £	**As at 31-Dec-18 £**	As at 31-Dec-17 £
Current:				
Trade payables	**142,662**	124,930	**58,130**	36,434
Social security and other taxes	**55,348**	53,505	**–**	–
Other creditors	**11,075**	20,338	**–**	–
Accruals and deferred income	**945,328**	658,961	**96,454**	82,137
VAT	**15,893**	–	**–**	–
	1,170,306	857,734	**154,584**	118,571

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

On 28 March 2018 3,159,856 1p shares were issued on the AIM exchange at a price of £1.34 per share for a total consideration of £4.2m.

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
Shares issued on AIM Exchange on 28 March 2018	3,159,856	31,599
	13,554,211	135,542

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 £448,430 is provided at 31 December 2018 (2017: £356,073) in respect of timing differences arising on the recognition of development costs and other fixed assets with a net book value of £2,360,156 (2017: £1,812,027).

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-18 £	Movement in year £	**As at 31-Dec-18 £**
Accelerated capital allowances	15,675	(5,620)	**10,055**
Research and development tax credits	340,198	98,177	**453,505**
Tax losses	(355,873)	(92,557)	**(448,430)**
	–	–	**–**

Notes to the Financial Statements

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 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

As at 31 December 2018	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	244,642	–	–	–	244,642
Cash and cash equivalents	2,386,624	–	–	–	2,386,624
Total	2,631,266	–	–	–	2,631,266
Financial Liabilities:					
Financial liabilities amortised at cost					
Trade & other payables	374,465	–	–	–	374,465
Total	374,465	–	–	–	374,465

Company Maturity of Financial Assets and Liabilities

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	–	4,237,680	–	–	4,237,680
Cash and cash equivalents	25	–	–	–	25
Total	25	4,237,680	–	–	4,237,705
Financial Liabilities:					
Financial liabilities amortised at cost					
Trade & other payables	118,571	–	–	–	118,571
Total	118,571	–	–	–	118,571

As at 31 December 2018					
Financial Assets:					
Loans and receivables					
Trade & other receivables	–	5,375,361	–	–	5,375,361
Cash and cash equivalents	2,216,249	–	–	–	2,216,249
Total	2,216,249	5,375,361	–	–	3,159,112
Financial Liabilities:					
Financial Liabilities amortised at cost					
Trade & other payables	154,584	–	–	–	154,584
Total	154,584	–	–	–	154,584

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).

21. Related Party Disclosures

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

	Year ended 31-Dec-18 £	Year ended 31-Dec-17 £
K L Pearce	**177**	59
D A Guyatt	**1,512**	–
R G Hutton	**2,696**	–
S P G Lee	**194**	342

Total expenses claimed within the year were as follows:

	Year ended 31-Dec-18 £	Year ended 31-Dec-17 £
K L Pearce	**8,747**	7,798
D A Guyatt	**4,873**	13,579
R G Hutton	**4,089**	8,768
S P G Lee	**449**	756
S Purdham	**604**	521

Directors' remuneration has been disclosed in Note 4.

Catherine Jamieson, a spouse of a director, was paid a total salary of £149,206 (2017: £122,053). Amounts owed to Catherine Jamieson as at 31 December 2018 were £2,118 (2017: £nil).

Tom Guyatt, an employee of Osirium and son of a Director, was paid a gross salary of £76,770 in 2018 (2017: £68,479). Amounts owed to Tom Guyatt as at 31 December 2018 were £nil (2017: £nil).

Simon Hember, a non-executive Director, is also a director of the company Acumin Consulting Limited. Acumin Consulting Limited invoiced Osirium £nil (2017: £54,360) during the year for recruitment fees with £nil (2017: £4,680) being owed to Acumin as at 31 December 2018.

Simon Hember is also a director in Rant Events Limited which invoiced Osirium £6,000 (2017: £nil) in the year for cyber events. There was £6,000 owing to Rant Events Limited as at 31 December 2018 (2017: £nil).

Related party share options issued:

Related Party	Year ended 31-Dec-18 £	Year ended 31-Dec-17 £
D A Guyatt (Chief executive officer)	**638,387**	638,387
K L Pearce (Non-executive chairman)	**324,869**	324,869
S P G Lee (Director in Osirium Limited)	**120,000**	120,000
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

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-18 £	Year ended 31-Dec-17 £
Amounts due:		
Within one year	**60,525**	52,724
Between one and five years	**126,161**	186,686
After five years	**–**	–
	186,686	239,410

There was no provision for the year 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 2018	1,723,958	1.21
Exercisable at 31 December 2018	–	–

As at 31 December 2018 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.

Notes to the Financial Statements

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**
Weighted average share price	£1.93	£1.90	£1.56	£1.56
Weighted average 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 2018 the share based payment charge is £nil (2017: £nil).

The charge for the prior years 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 year 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 2018 Osirium Technologies Plc had no ultimate controlling party.

25. Contingent liability

The company is included in a group registration for VAT purposes with its fellow subsidiary. All members of the VAT group are jointly and severally liable for the total amount of VAT due and at 31 December 2018, the contingent liability in respect of this group registration was £16,893 (2017: £nil – net receivable position).

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, 13 June 2019 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 2018 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 David Guyatt who, being eligible, is offering himself for election, be re-appointed as a director of the Company.

4 THAT Stephen (Steve) Purdham 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 £101,656, representing three-quarters 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 570 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 £101,656, representing 75% of the Company's issued share capital at the date of this Notice.

Notice of Annual General Meeting

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: 8 May 2019

By order of the Board,
Martin Kay
Company Secretary

Registered Office:
One Central Square
Cardiff CF10 1FS

NOTES:

1 As at 7 May 2019 (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 at www.osirium.com/investors/reports-accounts/ (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 Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD by no later than 11:00 am on 11 June 2019, 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.

Notice of 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 11 June 2019 (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 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, David Guyatt and Steve Purdham, 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 2022.

Resolution 3 proposes the re-appointment of David Guyatt as a director. David's brief biographical details can be viewed at https://osirium.com/osirium/people/david-guyatt/.

Resolution 4 proposes the re-appointment of Steve Purdham as a director. Steve's brief biographical details can be viewed at https://osirium.com/osirium/people/stephen-purdham/.

Resolutions 5 and 6

These Resolutions renew the directors' authorities to allot shares in the capital of the Company and to disapply existing shareholders' pre-emption rights to enable inter alia the Directors to proceed with a fundraise in 2019 with a view to accelerating the Company's sales growth and strengthening its balance sheet, as referred to in the Chairman & Chief Executive's Statement. The Resolutions, if approved, would allow the Board to proceed expeditiously and without the need to convene a further meeting of shareholders to authorise the share allotment.

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 three-quarters 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 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 75% of the Company's issued share capital as at today's date. 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.

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

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