



# ADMISSION TO AIM 2016

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action to take you should consult an independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000 who specialises in advising upon investment in shares and other securities.**

This document does not comprise a prospectus within the meaning of section 85 of FSMA and does not constitute an offer of transferable securities to the public in the United Kingdom, within the meaning of section 102B of FSMA and has not been approved or examined by and will not be filed with the Financial Conduct Authority, the UK Listing Authority or the London Stock Exchange, but comprises an AIM admission document and has been prepared in accordance with the AIM Rules. A copy of this document has been delivered to the London Stock Exchange as an admission document in respect of the Ordinary Shares, but a copy has not been filed with the Registrar of Companies in England and Wales.

Application has been made for the whole of the ordinary share capital of Osirium Technologies plc in issue and to be issued to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings on AIM in the Ordinary Shares will commence on 15 April 2016.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority (the "Official List").**

**A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.**

**Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.**

**The London Stock Exchange has not itself examined or approved the contents of this document.**

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List.

**The whole text of this document should be read. The attention of investors is drawn in particular to the risk factors set out in Part II of this document.**

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# Osirium Technologies plc

*(A company incorporated in England and Wales under the Companies Act 2006 with company number 9854713)*

## **Placing of 5,655,773 Ordinary Shares at 156 pence per share and Admission to trading on AIM**

***Financial Adviser, Nominated Adviser and Broker***

**PANMURE GORDON & CO**

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The Ordinary Shares to be issued pursuant to the Placing will, on issue, rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission and will otherwise rank *pari passu* in all respects with the Existing Ordinary Shares.

The Company and the Directors, whose names are set out on page 4 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Panmure Gordon, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as Nominated Adviser and Broker for Osirium Technologies plc and for no one else in connection with the matters described herein and will not be responsible to anyone other than Osirium Technologies plc for providing the protections afforded to customers of Panmure Gordon, or for advising them on the contents of this document or any matter referred to herein.

Copies of this document will be available to the public free of charge during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the offices of Panmure Gordon, One New Change, London EC4M 9AF for a period of one month following Admission. Copies will also be available for download from the Company's website at [www.osirium.com](http://www.osirium.com).

This document does not constitute an offer to sell, or a solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States, Canada, Australia, South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, the Ordinary Shares may not, subject to certain exemptions be offered or sold directly or indirectly in or into, or to any national, citizen or resident of the United States, Canada, Australia, South Africa, the Republic of Ireland or Japan.

No securities regulatory authority has expressed an opinion about the Ordinary Shares and it is an offence to claim otherwise. While information in this document derived from third parties is obtained from sources which the Company believes to be reliable, such information is not guaranteed as to its accuracy or completeness. Prospective investors should be aware that an investment in the Company is speculative and involves a high degree of risk. Certain risks to the Group are specifically described in Part II of this document headed "Risk Factors".

### **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this document constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Group, are intended to identify forward-looking statements. These statements are primarily contained in Parts I and II of this document. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Group's actual results, performance or achievements to vary from those described in this document. Should one or more of these risks or uncertainties materialise, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this document as intended, planned, anticipated, believed, sought, proposed, estimated or expected.

The forward-looking statements in this document are based on current expectations and intentions and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements, of which certain risks are specifically described in Part II of this document. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove to be incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. These forward-looking statements are stated as at the date of this document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or by the rules of any other securities regulatory authority whether as a result of new information, future events or otherwise.

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## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Simon Philip Guy Lee ( <i>Chairman and Non-Executive Director</i> ) David Ashley Guyatt ( <i>Chief Executive Officer</i> ) Rupert George Hutton ( <i>Chief Financial Officer</i> ) John Gordon Townsend ( <i>Non-Executive Director</i> ) Stephen Purdham ( <i>Non-Executive Director</i> )
<b>Registered Office</b>	One Central Square Cardiff CF10 1FS
<b>Company Secretary</b>	Martin Kay
<b>Website</b>	<a href="http://www.osirium.com">www.osirium.com</a>
<b>Nominated Adviser, Financial Adviser &amp; Broker to the Company</b>	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
<b>Reporting Accountants to the Company</b>	RSM Corporate Finance LLP 25 Farringdon Street London EC4A 4AB
<b>Auditor to the Company</b>	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
<b>Solicitors to the Company</b>	Blake Morgan LLP Watchmaker Court 33 St John's Lane London EC1M 4DB
<b>Solicitors to the Nominated Adviser, Financial Adviser &amp; Broker to the Company</b>	Squire Patton Boggs (UK) LLP 2 Park Lane Leeds LS3 1ES
<b>Financial PR</b>	Hollins Communications Ltd Spennithorne Hall Spennithorne Leyburn North Yorkshire DL8 5PR
<b>Registrars</b>	Neville Registrars Ltd Neville House 18 Laurel Lane Halesowen B63 3DA

## PLACING AND ADMISSION STATISTICS

Number of Existing Ordinary Shares in issue immediately prior to Admission <sup>1</sup>	7,809,642
Number of New Shares being issued pursuant to the Placing	3,846,153
Number of Sale Shares being sold pursuant to the Placing	1,809,620
Number of Ordinary Shares in issue on Admission <sup>2</sup>	10,394,355
Placing Price per Placing Share	156 pence
Percentage of Enlarged Share Capital represented by the New Shares	37 per cent.
Market capitalisation of the Company at Admission at the Placing Price	£16.2 million
Gross proceeds of the Placing receivable by the Company	£6.0 million
Estimated net proceeds of the Placing receivable by the Company	approximately £5.1 million
Gross proceeds of the Placing receivable by the Seller	approximately £2.8 million
Estimated net proceeds of the Placing receivable by the Seller	approximately £2.7 million
TIDM	OSI
SEDOL	BZ58DH1
ISIN	GB00BZ58DH10

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of this document	8 April 2016
Allotment and issue of the EIS Shares	14 April 2016
Expected date for settlement within CREST of the EIS Shares and issue of certificates for EIS Shares (where applicable)	14 April 2016
Allotment and issue of the VCT Shares and allotment of the Non-Eligible Shares	8.00 a.m. on 15 April 2016
Admission becomes effective and dealings in Ordinary Shares expected to commence on AIM	8.00 a.m. on 15 April 2016
Issue of the Non-Eligible Shares	at or about 9.30 a.m. on 15 April 2016
Expected date for CREST accounts to be credited with VCT Shares and Non-Eligible Shares (where applicable)	15 April 2016
Despatch of definitive share certificates for VCT Shares, Non-Eligible Shares and Sale Shares (where applicable)	by 29 April 2016

*References to time are to London time unless otherwise stated. Each of the dates in the above timetable is subject to change without further notice.*

<sup>1</sup> Includes the EIS Shares

<sup>2</sup> Includes Non-Eligible Shares which are expected to be unconditionally allotted at 8.00 a.m. on 15 April 2016 but not issued until at or about 9.30 a.m. on 15 April 2016.

## DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

<b>“Admission”</b>	admission of the entire share capital of the Company, issued and to be issued, to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies;
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as appropriate;
<b>“AIM Rules for Companies”</b>	the rules published by the London Stock Exchange entitled “AIM Rules for Companies”;
<b>“AIM Rules for Nominated Advisers”</b>	the rules published by the London Stock Exchange entitled “AIM Rules for Nominated Advisers”;
<b>“Articles”</b>	the articles of association of the Company in force on Admission, a summary of which is set out in paragraph 4 of Part IV of this document;
<b>“Audit Committee”</b>	the audit committee of the Board, details of which are set out in paragraph 20 of Part I of this document;
<b>“Board”</b>	the board of directors of the Company from time to time;
<b>“certificated” or “in certificated form”</b>	an Ordinary Share which is not in uncertificated form (that is, not in CREST);
<b>“Company”</b>	Osirium Technologies plc, a company incorporated in England and Wales (registered number 9854713) and having its registered office at One Central Square, Cardiff CF10 1FS;
<b>“Companies Act”</b>	the Companies Act 2006 (as amended);
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
<b>“CREST Regulations”</b>	The Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
<b>“Directors”</b>	the current directors of the Company whose names are set out on page 4 of this document;
<b>“Disclosure and Transparency Rules”</b>	the disclosure and transparency rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA;
<b>“EIS”</b>	Enterprise Investment Scheme for the purposes of Part 5 of the Income Tax Act 2007;
<b>“EIS Shares”</b>	1,261,440 Ordinary Shares to be allotted and issued by the Company on the day before the expected date of Admission and not conditional on Admission as part of the Placing to investors seeking to benefit under EIS;

<b>“Enlarged Share Capital”</b>	the issued share capital of the Company immediately following Admission assuming that the New Shares are issued pursuant to the Placing;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, a company incorporated in England & Wales with registered number 2878738, being the operator of CREST;
<b>“Existing Ordinary Shares”</b>	the 6,548,202 Ordinary Shares and EIS Shares in issue immediately prior to Admission;
<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the UK (as amended), including any regulations made pursuant thereto;
<b>“Group”</b>	the Company and Osirium;
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs;
<b>“IFRS”</b>	International Financial Reporting Standards (including International Accounting Standards);
<b>“ISIN”</b>	international security identification number;
<b>“Lock In Deed”</b>	the deed dated 8 April 2016, between Panmure Gordon, the Lock In Shareholders and the Company, restricting the ability of the Lock In Shareholders to sell their Ordinary Shares, details of which are set out in paragraph 12.2 of Part IV of this document;
<b>“Lock In Shareholders”</b>	the Seller, Harwell Capital SPC – Osirium SP, David Guyatt, Kevin Pearce, Harwell Capital SPC, Simon Lee, Andrew Harris, Catherine Jamieson and Edward Sharp;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“New Shares”</b>	the 3,846,153 new Ordinary Shares to be allotted pursuant to the Placing Agreement, comprising the EIS Shares, the VCT Shares and the Non-Eligible Shares;
<b>“New Share Option Scheme”</b>	the Osirium Technologies plc Enterprise Management Incentive (EMI) Share Option Plan 2016 adopted by resolution of the Board on 6 April 2016;
<b>“Non-Eligible Shares”</b>	the New Shares (other than the EIS Shares and the VCT Shares) to be allotted by the Company conditional on Admission;
<b>“Official List”</b>	the Official List maintained by the UK Listing Authority pursuant to Part VII of FSMA;
<b>“Options”</b>	the options granted or to be granted under the New Share Option Scheme, details of which are set out in paragraph 7 of Part IV of this document;
<b>“Ordinary Shares”</b>	ordinary shares of 1 pence each in the capital of the Company;
<b>“Osirium”</b>	Osirium Limited, a company incorporated in England and Wales (registered number 06736750) and having its registered office at One Central Square, Cardiff CF10 1FS;
<b>“Panel”</b>	the UK Panel on Takeovers and Mergers;



<b>“Panmure Gordon” or “Nominated Adviser” or “NOMAD”</b>	Panmure Gordon (UK) Limited, a company incorporated in England and Wales (registered number 4915201) and having its registered office at One New Change, London EC4M 9AF;
<b>“Placing”</b>	the conditional placing of the Placing Shares by Panmure Gordon, at the Placing Price in accordance with the Placing Agreement;
<b>“Placing Agreement”</b>	the conditional agreement dated 8 April 2016, between the Company, the Directors, the Seller, Chord Capital Limited and Panmure Gordon relating to the Placing, details of which are set out in paragraph 12.1 of Part IV of this document;
<b>“Placing Price”</b>	156 pence per Placing Share;
<b>“Placing Shares”</b>	together, the New Shares and the Sale Shares;
<b>“QCA”</b>	the Quoted Companies Alliance;
<b>“QCA Code”</b>	the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 (as amended);
<b>“Registrar”</b>	Neville Registrars Ltd;
<b>“Remuneration Committee”</b>	the remuneration committee of the Board, details of which are set out in paragraph 20 of Part I of this document;
<b>“Sale Shares”</b>	the 1,809,620 Ordinary Shares to be sold by the Seller which have been conditionally placed by Panmure Gordon pursuant to the Placing Agreement;
<b>“Seller”</b>	Interogo Treasury AG, an existing institutional investor of the Company;
<b>“Share Dealing Code”</b>	the code on dealing in the Company’s securities adopted by the Board on 8 April 2016 that complies with the AIM Rules;
<b>“Share Exchange Agreement”</b>	the agreement dated 6 April 2016, between David Guyatt and others and the Company, for the acquisition by the Company of the entire issued share capital of Osirium, details of which are set out in paragraph 12.4 of Part IV of this document;
<b>“Shareholders”</b>	holders of Ordinary Shares, from time to time;
<b>“Takeover Code”</b>	the UK City Code on Takeovers and Mergers (as amended from time to time);
<b>“TIDM”</b>	tradable investment display mnemonic;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UKLA” or “UK Listing Authority”</b>	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“VCT”</b>	venture capital trust for the purposes of Part 6 of the Income Tax Act 2007; and
<b>“VCT Shares”</b>	1,826,922 Ordinary Shares to be allotted and issued by the Company conditional on Admission as part of the Placing to VCTs.

## TECHNICAL GLOSSARY

<b>“Active Directory”</b>	a directory service developed by Microsoft for Windows domain networks;
<b>“Application Programming Interface” or “API”</b>	a set of routines, protocols, and tools for building software and applications;
<b>“cyber-attack”</b>	an attempt to damage, disrupt or gain unauthorised access to a computer, computer system or electronic communication network;
<b>“cyber security”</b>	the protection of information systems from theft or damage to the hardware, the software, and to the information on them, as well as from disruption or misdirection of the services they provide;
<b>“devices”</b>	the critical elements of an organisation’s IT infrastructure, such as servers, switches and system applications;
<b>“endpoint IT security”</b>	a methodology of protecting the corporate network when accessed via remote mobile and wireless devices;
<b>“evil beatings”</b>	proprietary software quality assessment testing;
<b>“firewall”</b>	a network security system, either hardware- or software-based, that controls incoming and outgoing network traffic based on a defined set of rules;
<b>“Hypertext Transfer Protocol” or “HTTP”</b>	is an application protocol for distributed, collaborative, hypermedia information systems. HTTP is the foundation of data communication for the World Wide Web;
<b>“Hypertext Transfer Protocol Secure” or “HTTPS”</b>	is the secure version of HTTP, the protocol over which data is sent between a browser and the website. The ‘S’ at the end of HTTPS stands for ‘Secure’. It means all communications between a browser and the website are encrypted;
<b>“Internet of Things” or “IoT”</b>	physical objects that connect to the internet through embedded systems and sensors, interacting with it to generate meaningful results and convenience to the end-user community;
<b>“IP (internet protocol) address”</b>	a numerical label assigned to each device (e.g. computer, printer) that participates in a computer network that uses the internet protocol for communication;
<b>“IT assets”</b>	company owned information, system or hardware that is used in the course of business activities;
<b>“IT infrastructure”</b>	a combined set of hardware, software, networks, facilities, etc. (including all of the information technology), in order to develop, test, deliver, monitor, control or support IT services;
<b>“mail gateway”</b>	a machine that handles connections between networks that run different communication protocols or communications between different networks that use the same protocol;
<b>“Privileged Account”</b>	an account that has elevated permissions and rights compared to an average user account;

<b>“proxy server”</b>	a computer that acts as a gateway between a local network (e.g., all the computers at one company or in one building) and a larger-scale network such as the Internet;
<b>“Remote Desktop Protocol”</b> or <b>“RDP”</b>	is a proprietary protocol developed by Microsoft, which provides a user with a graphical interface to connect to another computer over a network connection;
<b>“Remote Procedure Call”</b> or <b>“RPC”</b>	is a protocol that one program can use to request a service from a program located in another computer in a network without having to understand network details;
<b>“Secure Shell”</b> or <b>“Secure Socket Shell”</b> or <b>“SSH”</b>	is a UNIX-based command interface and protocol for securely getting access to a remote computer. It is widely used by network administrators to control Web and other kinds of servers remotely;
<b>“System Administrator”</b>	a person responsible for the upkeep, configuration and reliable operation of computer systems, especially multi-user computers such as servers;
<b>“Telnet”</b>	a user command and an underlying TCP/IP protocol for accessing remote computers. Through Telnet, an administrator or another user can access someone else’s computer remotely;
<b>“two-factor authentication”</b>	provides identification of users by means of the combination of two different components;
<b>“VPN”</b> or <b>“Virtual Private Network”</b>	a network technology that creates a secure network connection over a public network such as the Internet or a private network owned by a service provider; and
<b>“vSphere”</b>	the industry’s leading and most reliable virtualization platform. Simplifies IT by separating applications and operating systems (OSs) from the underlying hardware.

## PART I

### INFORMATION ON THE GROUP

#### 1. INTRODUCTION

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

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

The Company is seeking admission to AIM to raise funds to help accelerate the Group's growth in the thriving cyber-security market. In order to achieve this objective, the Directors intend to use the proceeds of the Placing receivable by the Company of approximately £5.1 million (net of expenses) to appoint additional staff members, as required, to support the Group's sales and marketing strategy, to invest in the continued research and development of its software modules and provide additional working capital for what the Directors believe will be a phase of rapid growth.

#### 2. KEY STRENGTHS

##### 2.1 *Experienced management team with a proven track record*

Osirium's operational management team, led by the Company's Chief Executive Officer David Guyatt, has almost 100 years' collective experience in the IT security software industry, including over 20 years working in cyber-security. During this period, David with various members of the senior management team successfully built up Integralis and Content Technologies, the company behind the MIMESweeper email security and content filtering software solution. Content Technologies was sold to Baltimore Technologies in 2000 for a total consideration of almost \$1 billion. The team has been working together at Osirium since 2010.

##### 2.2 *Proven revenue model, blue chip customer base and long-term relationships*

Osirium has a proven recurring revenue model, and a customer base which includes blue chip enterprises, managed security service providers ("MSSPs"), large multinational organisations and government bodies. Many have been customers for several years, demonstrating the proven capabilities of Osirium's solution and presenting opportunities for what the Directors believe could be significant further organic revenue growth.

##### 2.3 *Significant market opportunity*

The number of cyber-security incidents detected in 2015 increased by 38 per cent. compared with 2014, according to PwC's 'Global State of Information Security Survey 2016'. The targeting of Privileged Accounts has been cited as the most difficult stage of a cyber-attack to mitigate against and, consequently, the misuse of Privileged Accounts is recognised as one of the most critical cyber-security challenges.

As organisations benefit from new digital connections, tools and platforms, the threat of cyber-attacks increases and the consequential damage to corporate reputations and erosion of public confidence are key drivers in the growth of worldwide spending on cyber-security. Another key driver is the requirement for organisations to adhere to increasing levels of cyber-security legislation, international standards and best practice. According to Gartner, worldwide cyber-security spending reached \$76.9 billion in 2015 and is set to grow to \$93.0 billion by 2017.

The Directors believe that there is a significant opportunity for the Group to take advantage of the thriving cyber-security market and to establish a leading position in the Privileged Account security management software vertical. The extent of this opportunity is supported by the size and growth of

some of the Group's larger competitors, which includes a public quoted company with a market capitalisation of in excess of \$1 billion.

#### 2.4 ***Differentiated software solution providing a competitive advantage***

The Directors believe that Osirium's software offers major competitive advantages which include its ease of deployment, the ROI generated from its automation capabilities and the flexibility of its product architecture ensuring that customer requirements can be quickly implemented.

The ease of use and speed of deployment means that the software can be installed and operational within hours. The software's 'out of the box' functionality means that the provision of extensive consultancy services is not necessary for a successful installation. Once deployed, a customer's internal IT resources can deal with any maintenance requirements without the necessity for ongoing Osirium support.

The software's ability to automate repeatable tasks and securely delegate or outsource tasks to third party service providers, help-desk staff or untrained junior staff removes the risk of human error and frees up the time of more expensive resource to focus on more important IT issues. This helps customers drive down operational costs achieving impressive ROIs at the same time as reducing business risk.

The Group has a team of experienced software developers that focus on the ongoing development and frequent delivery of new features and functionality in response to customer feedback and requests. In this respect, Osirium's adaptability and flexibility enables the product to maintain its competitive advantage, which in turn results in low customer churn rates demonstrated by a contract renewal rate of over 90 per cent.

In February 2016, as a means of marketing the differentiating factors of its offering compared with competitor products, Osirium launched its PAM 2.0 brand, which will feature heavily in the Group's marketing campaigns going forwards.

#### 2.5 ***Significant barriers to entry***

The Directors believe that the barriers to entry preventing new participants entering the Privileged Account management vertical of the cyber-security market, thereby reinforcing Osirium's competitive position, include the following:

- Osirium's operational management team has almost 100 years' collective experience of the IT security software industry, including over 20 years working in cyber-security. As a consequence, the knowledge, track record and relationships that they have established provides a significant barrier to entry to new entrants;
- The three patent applications pending (as detailed in paragraph 17 of Part IV). Subject to grant, the Directors believe that these patents will force potential entrants to invest time and money in the development of markedly different software solutions;
- Osirium's geographical location and experience of working with UK based customers, providing credibility to the Group's core UK cyber-security market focus; and
- Osirium has a proven, and what the Directors believe to be a unique, task automation software solution.

### **3. HISTORY AND BACKGROUND**

Osirium's operational management team, led by the Company's Chief Executive Officer David Guyatt, has worked together in the cyber-security industry for over 20 years. During this period they have established a track record of building a number of successful businesses including Content Technologies, the company behind the MIMESweeper email security and content filtering software solution.

The association between David Guyatt, Andrew Harris (Chief Marketing Officer and Head of Engineering) and Catherine Jamieson (Chief Operating Officer) began in the 1990s whilst they were working together at cyber-security integrator Integralis. Whilst at Integralis, David and Andrew managed the development of a suite of technology products which included the MIMESweeper brand. In 1998, Content Technologies Limited along

with the MIMESweeper brand was demerged from Intergralis Limited into Content Technologies Holdings Limited. Over the next four years David, Andrew and Catherine grew Content Technologies Holdings Limited to annual revenues of £21.2 million for the 14 month financial period ended 31 December 2000 and over 220 employees across subsidiaries in the US, Europe and Asia Pacific. In October 2000, with more than 6,000 customers and 6 million users globally, Baltimore Technologies PLC (“Baltimore Technologies”) announced the completion of the acquisition of Content Technologies in a deal worth almost \$1 billion.

David and Andrew joined Baltimore Technologies on completion of the acquisition, with David appointed to the board. In 2002, Baltimore Technologies sold Content Technologies, including the MIMESweeper brand, to Clearswift Systems Limited (part of the Clearswift group) which produces UK secure content management software. David left Baltimore and in 2002 joined Clearswift Systems Limited as a non-executive director. David then acted as the CEO of the Clearswift group until March 2005.

Before establishing Osirium, David and Andrew formed two other businesses, Textanywhere Ltd. (along with two others), a SMS text message marketing business, which was sold in July 2013 for a cash and loan note consideration of more than £8 million to SRCL Ltd, whose ultimate parent company is Stericycle, Inc a Nasdaq listed company, and Extend Technologies Limited, a policy lifecycle management software solution whose business and assets were acquired in September 2009 by Hitec (Laboratories) Ltd as part of its administration.

In 2008, recognising an opportunity in the cyber-security market, Kevin Pearce approached David (whom he had known since the pair worked together at Integralis in the 1990s), with the proposal of developing a software solution for the management of Privileged Accounts and, in September 2008, they founded Osirium. Catherine joined David and Kevin in January 2009, followed by Andrew in September 2011.

Starting with a platform design and with funding predominantly provided by David, the team spent the first two years prototyping and developing the Privileged Account Management and Privileged Task Management software modules and Osirium’s first sale was made in September 2010 to a multinational German automobile manufacturer.

Between 2011 and 2015, Osirium raised, in total, just under £4 million via a series of funding rounds to finance further software development activities. Investors included a Chord Capital managed fund, Harwell Capital, current Non-Executive Chairman Simon Lee and a number of angel investors. This enabled Osirium to develop the Privileged Account Management and Privileged Task Management modules through proof of concept into a secure, market ready cyber-security software solution. Osirium also used the funding to develop its Privileged Session Recorder module following consultation with its current and potential customers.

Since launching its software solutions, Osirium has grown its customer base to 13 as at 7 April 2016, which includes blue chip enterprises, MSSPs, multinational organisations and government bodies. With the growing awareness and understanding of the critical importance of Privileged Account security and the number of pipeline opportunities, the Directors believe that Osirium is ready for the next stage of growth and the Group is actively focusing on building its sales and marketing functions and further developing its products.

#### **4. MARKET BACKGROUND AND OPPORTUNITY**

##### **4.1 Overview – a significant increase in the scale and frequency of cyber-attacks**

PwC’s Global State of Information Security Survey 2016 reported that there were 38 per cent. more cyber-security incidents detected in 2015 than 2014. In 2015 alone it is estimated that over 300 million records were leaked and \$1 billion stolen. Examples of high profile cyber-attacks, resulting in the theft of millions of individuals’ personal information and data, include the following:

- *US Office of Personnel Management*

In June 2015 the US Office of Personnel Management suffered a cyber-attack, resulting in the theft of the personal information of approximately 4.2 million current and former Federal employees. This attack was subsequently followed by a cyber-security breach on its housing backgrounds investigation database, holding the details of over 21 million individuals.

- *Ashley Madison*

In July 2015 extramarital-affair website Ashley Madison was hacked by a group known as “The Impact Team”, resulting in the personal information of 32 million users being leaked. In August 2015, a class action lawsuit for \$578 million was filed against Ashley Madison’s parent company on behalf of Canadian citizens who had subscribed to Ashley Madison’s services.



- *TalkTalk*

In October 2015 the broadband operator TalkTalk suffered a cyber-security breach resulting in the personal details of 156,959 customers being accessed, along with 15,656 bank accounts and sort codes. TalkTalk estimates that the costs associated with the attack will be up to £35 million.

It is widely anticipated that the frequency and intensity of cyber-attacks will continue to worsen in 2016 and beyond.

#### 4.2 ***How cyber-attacks are carried out – Privileged Accounts are critical targets for cyber-attacks***

A Privileged Account has elevated permissions and rights compared with an average user account. An organisation's IT assets, infrastructures and devices such as directory services, application tiers, databases, network and security appliances and backup and service infrastructures are all operationally managed by employees or third party outsourcers. By virtue of their function, these employees and third parties are issued with Privileged Account access to ensure the uptime (i.e. less downtime), performance and security of an organisation's IT assets, infrastructures and devices. Users that require access to Privileged Accounts include database and system administrators, network engineers, IT security and audit practitioners, data centre operators, application developers and cloud custodians. Privileged Account users therefore have extensive access to IT systems and sensitive data.

Despite, in some cases being an organisation's IT security enforcer, Privileged Account users can also be an organisation's greatest security risk. Limited by fewer controls and having access to more intellectual property, the security and monitoring of Privileged Account users are often overlooked. As a consequence, Privileged Accounts are targeted by cyber-attackers as a means of accessing sensitive and valuable IP and data. Privileged Accounts have been cited as the most difficult stage of a cyber-attack to mitigate against. Penetration of Privileged Accounts enables cyber-attackers to, for example, take control of IT infrastructure, disable security controls, steal assets or confidential information, commit financial fraud or disrupt operations, e.g. through the introduction of malware or 'bad code'. Such attacks can be difficult to detect, shut down and remediate as they can be made to look like normal IT processes, sometimes running for months before they are identified.

Well-intentioned Privileged Account users can also be a high risk. For example, when a System Administrator with elevated access clicks on a malicious link, because of their greater access to the network, organisation-wide damage is far more likely to take place than if somebody without elevated access clicks on the same link.

Determining which individuals are responsible for unauthorised activities is also challenging because, in many large organisations, Privileged Accounts are not clearly defined and often shared by multiple users, without any means of tracking who used an account at a specific time. It has been reported that two out of every three Privileged Accounts in an organisation is either unknown or unmanaged. The misuse of Privileged Accounts is therefore recognised as one of the most critical cyber-security challenges.

#### 4.3 ***Outsourcing IT functions – reinforcing the need for Privileged Account management software***

When there was more of a trend towards organisations owning their IT infrastructures, they secured their perimeters using endpoint IT security solutions such as firewalls, mail gateways, VPNs and proxy servers etc. This meant the task of securing IT assets, infrastructures and devices against cyber-attacks was simpler.

To help leverage cost savings and take advantage of outside expertise, organisations have increasingly outsourced parts of and in some cases all of their IT infrastructure and services to third-party providers and public cloud services. This includes tasks such as software development, customer support and network and data centre management. Engineers and technicians working for these third-party providers require remote Privileged Account access to servers, databases, network devices, and other IT applications to perform their contractual duties. This grants privileged access to sensitive or personal information within an organisation's IT assets, infrastructures and devices. The trend towards outsourcing has further increased the difficulty of securing an organisation's IT assets, infrastructures and devices against the threat posed by cyber-attacks.

#### 4.4 **Cyber-attacks – the regulatory response**

Governments and other authorities globally have responded to the threat posed by cyber-attacks by introducing legislation and regulation, forcing organisations to implement increasingly stringent procedures around Privileged Account management. Such legislation includes the requirement for organisations to provide verifiable compliance with international standards, internal policies and accepted best practices. The Directors believe that further cyber-security regulation is likely, as governments seek to respond to high profile incidents and maintain or restore public confidence.

Examples of legislation, regulation and codes of practice that organisations may be required to comply with include:

- *ISO 27001*  
The International Organization for Standardization (ISO) standard providing requirements for an information security management system (ISMS), being part of the 27000 series Information Security Standards (also known as the 'ISMS Family of Standards' or 'ISO27k' for short);
- *PCI DSS*  
The Payment Card Industry Data Security Standard that aims to protect credit and debit card data. The PCI security standards are technical and include operational requirements to help payment processing organisations prevent credit card fraud, hacking and various other security vulnerabilities and threats;
- *ITIL*  
The Information Technology Infrastructure Library – a Government-endorsed code of best practice for IT service management, commonly applied to MSSPs;
- *IASME*  
A new Government standard promoting security in SME businesses;
- *FCA*  
The FCA has introduced new cyber-security and asset management regulations that organisations falling under its remit are required to comply with;
- *Public Service Network ("PSN")*  
The PSN standard defines how to connect to PSN, the UK-wide Government services (also known as G-Cloud). The PSN is a UK government Wide Area Network, whose main purpose is to enable connected organisations, including local authorities and central government, to communicate electronically and securely. The customer Code of Connection provides a minimum set of security standards that organisations must adhere to when joining the PSN;
- *HIPAA*  
The Health Insurance Portability and Accountability Act is a US-driven standard for managing patient data in the healthcare industry, requiring the storage, access and processing of personal information to adhere to a set of guidelines or "security rules"; and
- *The Sarbanes-Oxley Act (SOX) of the United States*  
SOX created new corporate governance rules, regulations, and standards for U.S. Securities and Exchange Commission registrants. The section most relevant to public corporations is Section 404 – internal controls and procedures for financial reporting. Similar SOX regulation has also been introduced in Japan, aimed at requiring organisations to implement internal IT controls and monitor risks.

The European Union ("EU") is seeking to introduce further regulation governing EU member states, where there is currently no common approach to cyber-security. To this end, in 2015, the EU member states reached agreement on the proposed working of the National and Information Security (NIS) Directive, which will introduce new cyber-security requirements. The NIS Directive will require key IT infrastructure providers to report details of cyber-attacks to the authorities. The deadline for compliance with the new rules is expected to be Q3 2017.



As a consequence of the introduction of increasingly stringent regulations, Gartner, in its 'Market Guide for Privileged Access Management', estimates that there will be a 40 per cent. rise in fines and penalties imposed by regulatory bodies on organisations with deficient controls in this area that have been breached.

#### 4.5 **The Internet of Things – represents a major opportunity for the cyber-security industry**

Cyber risk now covers more than the traditional view of just IT systems. With billions of people connected to the internet today and EY's finding in its 'Cybersecurity and the Internet of Things' report that the number of connected devices is set to exceed 50 billion by the year 2020, the Internet of Things (IoT) also represents a major opportunity for the cyber-security industry.

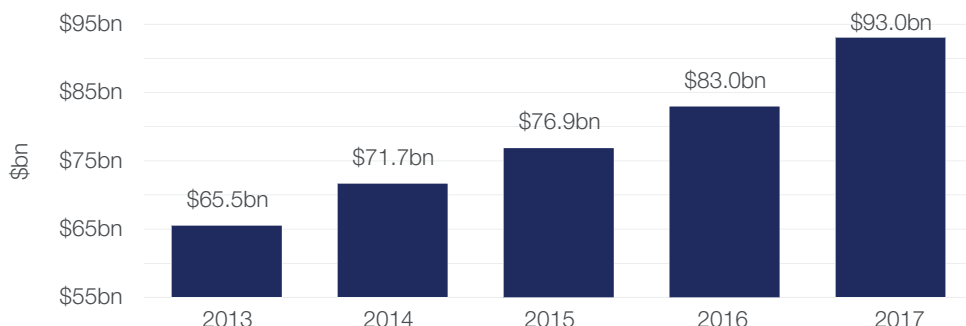
As IoT increasingly enters daily life, security risks relating to IoT are growing. A Hewlett Packard study revealed that 70 per cent. of IoT devices are vulnerable to attack and, in its 'Global Economic Crime Survey 2016', PwC reports that it has observed a sharp increase in attack activity targeting IoT. Cyber-security researchers have exposed the cyber risks associated with a range of IoT devices, including controlling a plane's engine during flight from its in-flight entertainments system, hacking the pacemaker implanted in a robotic dummy patient and remotely hacking a Jeep Cherokee to disable its transmission and brakes.

Given these recent developments, the Directors therefore believe that, in time, IoT will provide further growth opportunities for Osirium.

#### 4.6 **Summary – increasing global cyber security spending and the benefit of Privileged Account management**

Cybercrime is the second most reported economic crime affecting 32 per cent. of organisations and most organisations are still not adequately prepared for the risks faced according to PwC's 'Global Economic Crime Survey 2016'. The increasing risk of cyber attacks and growing financial and political pressures will continue to drive the growth in spend on global cyber-security. According to Gartner, worldwide cyber-security spending reached \$76.9 billion in 2015 and is set to grow to \$93.0 billion by 2017. The UK cyber-security industry alone was estimated to be worth £17.6 billion in 2014 (up 70 per cent. since 2013) and now employs over 100,000 people.

The graph below shows actual and forecast global IT security spending for the period 2013 – 2017:



Source: Gartner

The Privileged Account management software market represents an important and growing vertical within the global cyber-security industry and has continued to grow, with Gartner estimating that Privileged Account management vendor revenues reached \$512 million in 2014, up 32 per cent. from 2013. Privileged Account management solutions allow organisations to better identify where such accounts exist, control access to them and monitor exactly what is being done with them and by whom. This helps provide a clear audit trail for accountability and minimises the risks associated with exploitation. The Directors believe, as a consequence, that the demand for Privileged Account management software will continue to increase in the future and that Osirium is well-placed to benefit from the growth dynamics within this verticle of the IT security industry.

## 5. **PRODUCT OFFERING**

### 5.1 **Overview**

Osirium, through its three software modules Privileged Account Management, Privileged Task Management and Privileged Session Recorder, protects an organisation's critical IT assets,

infrastructures and devices and transforms Privileged Account management activities, whether the infrastructure is hosted on-premises, in the cloud or a mix of both.

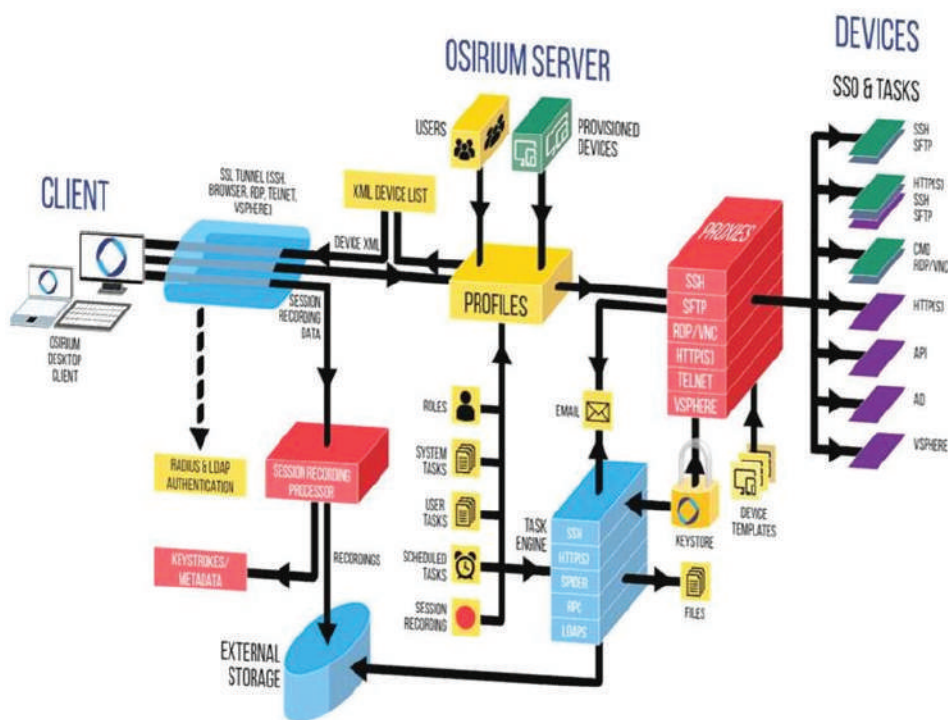
The figure below shows how Osirium protects against cyber-attack and transforms Privileged Account management activities:



Osirium 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. Furthermore, the capability to offer repeatable task automation and securely delegate or outsource tasks to help-desk or untrained junior staff or third party service providers removes the risk of human error as well as freeing up the time of more expensive resource to focus on more important IT issues. This can help organisations drive down operational costs, achieving impressive ROIs as well as reducing business risks.

Osirium supports multiple technology systems, interacting with devices, services and applications including SSH, Telnet, RDP, RPC, vSphere, HTTP(S) as well as bespoke application APIs and web-only based applications.

The figure below summarises Osirium’s product offering:



## 5.2 Privileged Account Management module

Osirium’s Privileged Account Management module (“PAM”) protects organisations from cyber-attacks by isolating Privileged Account users from the passwords and credentials that allow authorised access

to IT assets, infrastructures and devices. By creating this secure separation, PAM ensures that passwords and credentials never pass through a Privileged Account user's system and are therefore never at risk of interception by a cyber-attack.

Instead of logging directly into an IT asset, infrastructure or device, PAM requires Privileged Account users to log into Osirium's platform using existing account usernames and passwords. For added protection, access can be provided by two-factor or token based authentication. PAM stores and secures passwords and credentials on behalf of a Privileged Account user in its own sophisticated proxy architecture.

Privileged Account user access levels are managed within PAM through profiles, which define their permissions and rights. PAM allows access to IT assets, infrastructures and devices to be granted at a very granular level and can assign Privileged Account access to an individual or groups of individuals. These individuals or groups can easily have their access levels elevated or reduced, depending on the individual requirements of the customer.

Once identification of a Privileged Account user is confirmed and matched to the individual's access rights, PAM releases the passwords and credentials which facilitate the connection between the Privileged Account user and the relevant IT asset, infrastructure or device. PAM implements enterprise class password management to ensure that all the passwords it manages are as strong as possible. New passwords are automatically generated and renewed in line with best practice. Passwords are long, complex and randomly created letter and/or number strings making dictionary and brute force cyber-attacks futile.

With Privileged Account users accessing IT assets, infrastructures or devices through Osirium's platform, all user connections are therefore originated directly from an Osirium IP address, which means firewall and device access restrictions can be locked down accordingly. PAM can also provide a real-time audit trail of which devices have been accessed where, when, how and by whom, covering internal staff and remote third parties. The module also shows the level of access that has been provided to each Privileged Account user and the activities they have been performing.

### 5.3 ***Privileged Task Management module***

Osirium's Privileged Task Management module ("PTM") transforms IT asset, infrastructure and device management by allowing time-consuming, complex and high volume based IT tasks (e.g. resetting domain passwords) to be automated, packaged up and securely delegated to help-desk staff or untrained junior staff or outsourced to third party service providers to action. Third parties therefore never directly access an organisation's IT assets, infrastructures or devices and are instead authorised via Osirium's platform. This means passwords and credentials never pass through a third party's system. PTM also enables third party accounts to be fully managed as well as the maintenance of full audit trails.

The automation of time-consuming, complex and high volume based IT tasks means that they can be performed automatically and repeatedly in seconds rather than manually programming tasks which takes minutes. The ability to securely outsource these tasks also allows expensive resource to be freed up from performing mundane low-value work. This helps organisations drive down operational costs, achieving impressive ROIs at the same time as reducing business risk.

### 5.4 ***Privileged Session Recorder module***

Osirium's Privileged Session Recorder module ("PSR") enables IT security and compliance managers to record, store and playback any privileged activities that take place. A visual capture allows a video style playback of each session including fast play modes and thumbnail views. The thumbnail view enables auditors to review recordings and quickly find potentially suspicious activities. Recordings can be played back in full video mode to see the precise details, and in context. As well as a visual recording of a session, all keystrokes are captured. Subsequently this enables particular keystrokes to be searched for and identified during each session.

### 5.5 ***Consultancy***

Due to the ease and speed with which Osirium's software can be deployed, it is possible for customers to set up and install the software without the requirement for costly and time-consuming consultancy services. Osirium can, however, provide customers with consultancy services to assist with installation, training and updates on an ad-hoc basis, particularly on more complex implementations.

## **6. BUSINESS MODEL**

Osirium generates revenues through the sale of its software modules and consultancy services. Osirium raised invoices (net of value added tax) totalling £0.42m in the year ended 31 October 2015 (2014: £0.28m), with £0.29m recognised as revenue in the financial period (2014: £0.21m) and £0.13m as deferred income (2014: £0.07m). In the year ended 31 October 2015, 88 per cent. of recognised revenue was made up of subscription based licence fees (2014: 74 per cent.).

### **6.1 Software**

Osirium generates software-based revenue through the sale of its three software modules. These modules are sold via a software licence, which may have the following features enabled: Privileged Account Management, Privileged Task Management and Privileged Session Recorder. A licence is offered typically for a period of between 12 and 36 months, with customers paying a minimum price for up to 50 devices. Where the licence covers more than 50 devices, the price is based on a per device basis, decreasing as the number of devices increases. Discounts may be offered for a multi-module or multi-year licence. A licence is invoiced in advance either monthly, quarterly, annually or three yearly. At the end of the licence period, if the customer does not renew its licence, it no longer has access to the software.

### **6.2 Consultancy**

Osirium engages a team of up to four consultants which, if necessary, can be deployed to customers, charged out at a daily rate of between £800 and £1,200 per consultant. Additionally customers can purchase consultancy services to assist with training and updates. Customers in this case will purchase a set number of days for use during a contract period.

## **7. RESEARCH AND DEVELOPMENT**

Osirium engages a team of 12 software developers based in the UK. The Group's research and development process is managed in line with the key principles of 'Agile Scrum Methodology', a software industry recognised code of practice for such activities. The goal of Agile Scrum Methodology is to develop small, incremental software releases every two to four weeks, enabling Osirium to adapt its offering to the feedback and requests of its customers. Osirium commences development projects in response to customer requests. Osirium's research and development process is therefore focused on frequent delivery of new features to enable the products to maintain their competitive advantage.

As part of Agile Scrum Methodology, Osirium splits its development teams into units of 6 members. There is no leader, instead the team as a unit decides how to address issues and solve problems. Before developing the software, each developer has to write a series of tests including user acceptance, unit and user load tests. These tests are built and run through Osirium's Jenkins server, a cross-platform, continuous integration and delivery platform. This enables Osirium to build and test its software projects continuously, making it easier for developers to integrate changes to the software. If a new functionality breaks a test the Jenkins server quickly notifies the developers. Any fault is therefore fixed faster which improves the quality of the software. At a later stage in the development cycle, the software is subjected to "evil beatings" stress testing to prove its ability to withstand a cyber-attack.

Work on each feature is fully completed before the relevant development team responsible for that particular feature moves onto the next project. Osirium targets one major release per quarter in addition to a series of minor releases. Customers are currently using version 4 of the solution with version 5 expected in H2 2016.

## **8. INTELLECTUAL PROPERTY**

Osirium has three patent applications pending (as detailed in paragraph 17 of Part IV). Subject to grant, the Directors believe that these patents will force potential entrants into the cyber-security market to differentiate their software solutions. The patent applications are for techniques covering the following areas:

- resynchronising passwords when a device, application or system is restored from a backup;
- enabling a MSSP issued with Active Directory-based Privileged Accounts to automatically manage those accounts according to customer defined policies, without the need to directly access the customers' Active Directory; and
- ensuring Privileged Account passwords can never enter or reside on a Privileged Account user's workstation.

The Directors will, in the future, continue to identify opportunities to increase the level of patent protection over the Group’s intellectual property as appropriate.

**9. SALES & MARKETING**

Osirium’s operational sales and marketing activities are managed by Catherine Jamieson, the Group’s Chief Operating Officer. The Group focuses its direct sales efforts on global enterprises, large corporates and government bodies, also selling to MSSPs and procurement partners, who use the product as part of their solutions.

**9.1 Direct sales model**

Catherine is supported by two dedicated full time employees focused on sales. They are supported as required by members of the research and development team. The majority of Osirium’s current customers are sourced via direct sales. The Directors plan to use part of the net proceeds of the Placing to build up the Group’s sales team.

**9.2 Marketing activity**

Osirium places significant emphasis on digital marketing campaigns. Tools used by the Group in this area to market its products include Google AdWords, LinkedIn and a dedicated twitter feed, with Lead Forensics used to analyse the success of these campaigns. The Group also uses PR initiatives such as E-shots, online blogs and exhibits. During 2015 Osirium attended 15 global exhibits, including the PCI Show and IDM Amsterdam. In February 2016, as a means of marketing the differentiating factors of Osirium’s offering compared with competitor products, the Company launched its PAM 2.0 brand, which will feature heavily in the Group’s marketing campaigns going forwards.

The Directors intend to use part of the net proceeds of the Placing to scale up the Group’s marketing efforts as the Group enters its next stage of growth.

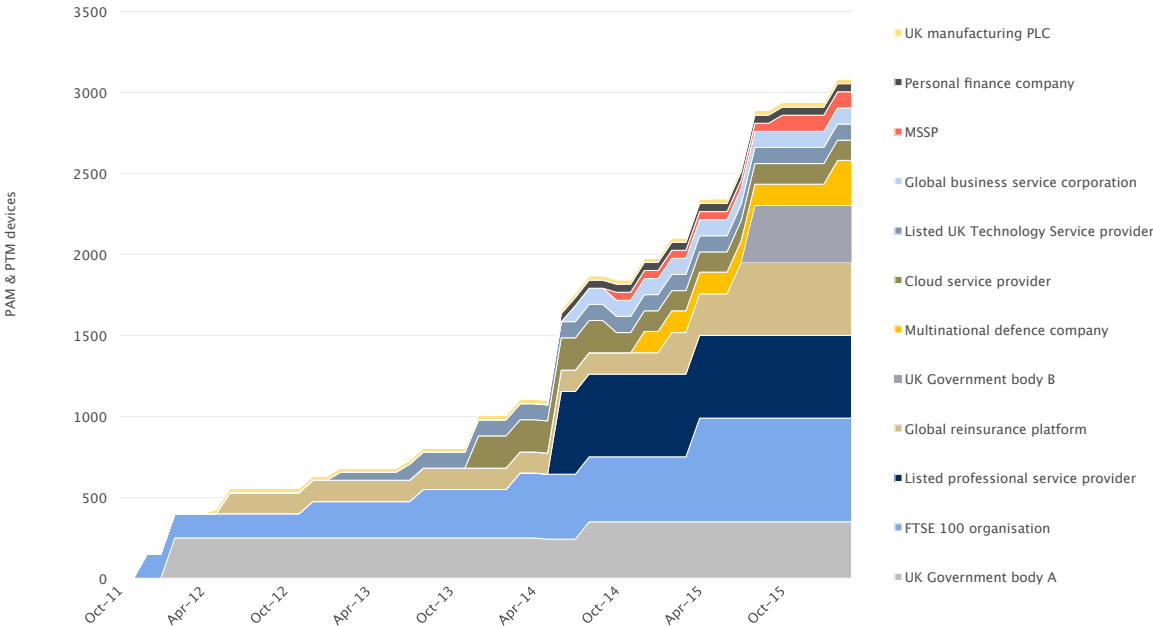
**10. CUSTOMERS**

As at 7 April 2016 (being the last practical date before publication of this document), Osirium’s customer base comprised 13 organisations, including blue chip enterprises, MSSPs, large multinational companies and government bodies.

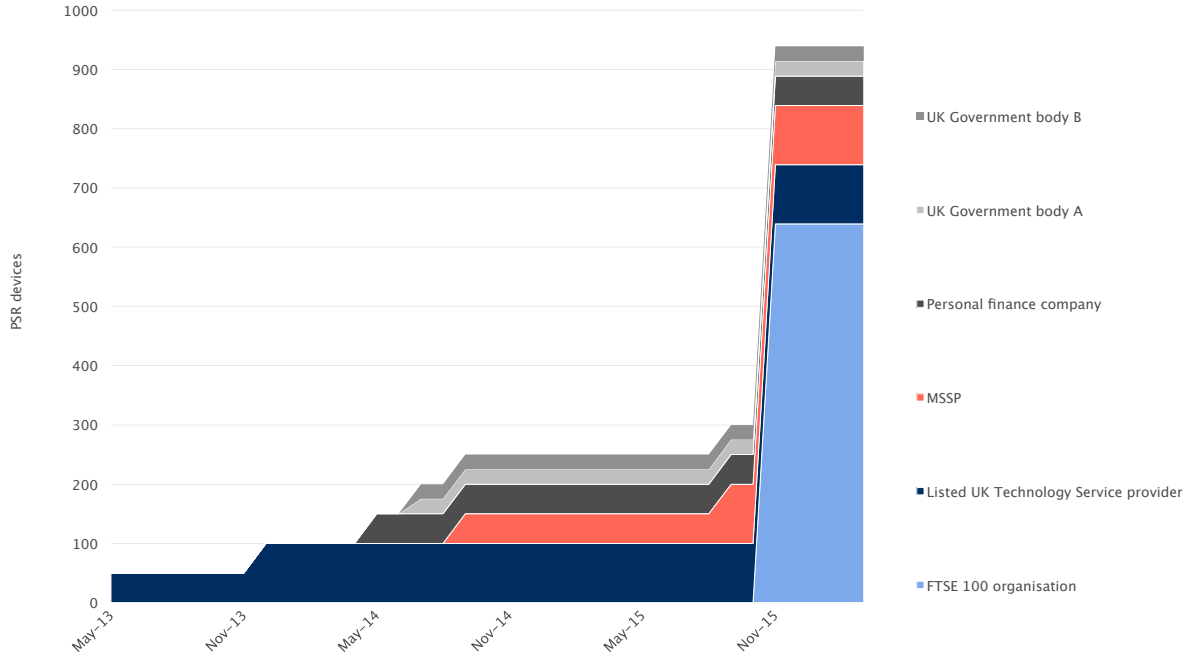
Since its first sale in 2010, Osirium has continued to increase its customer base and the number of devices licensed per current customer as demonstrated by the figures below.

Number of devices per current customer:

**PAM & PTM licences**



**PSR licences**



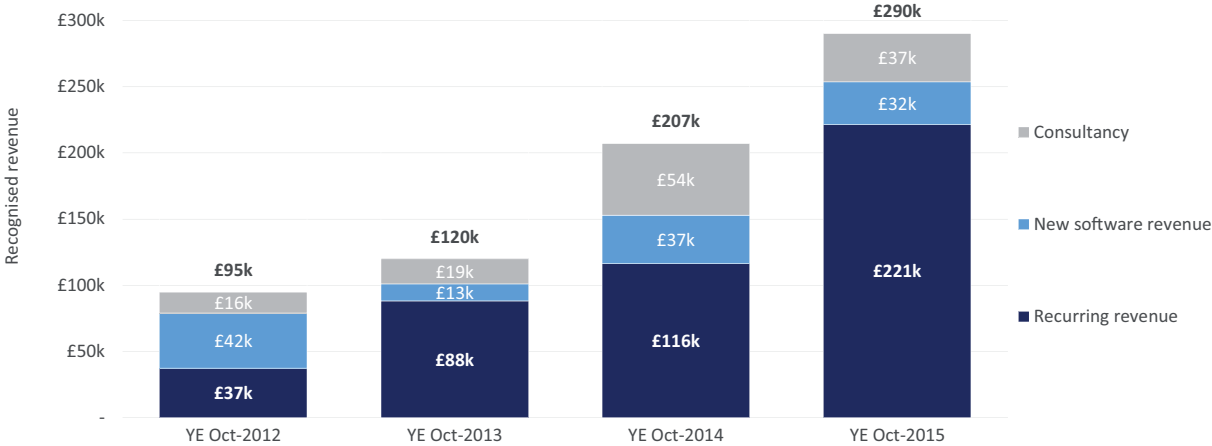
Source: Group information

Note: Excludes customer(s) with enterprise wide licence without limit on total number of devices

Many of Osirium’s current customers have been using the Company’s software solutions for several years and during this period they have continued to increase the number of devices covered by the Company’s licences. Between October 2011 and March 2016 the average monthly growth in the number of devices licensed for Osirium’s PAM and PTM modules was 7.6 per cent. Between the launch of Osirium’s PSR module in May 2013 and March 2016, the average monthly growth in the number of devices licensed was 8.5 per cent. This demonstrates the proven capabilities of the Company’s solutions as well as presenting opportunities for what the Directors believe could be significant further organic revenue growth.

In addition, Osirium has a contract renewal rate of over 90 per cent. With this high renewal rate across its customers, the Company’s level of recurring revenue has increased year on year, as demonstrated by the graph below for the four year period ended 31 October 2015:

**Recognised revenue:**



Source: Group information



## **11. COMPETITION, COMPETITIVE ADVANTAGES AND BARRIERS TO ENTRY**

### **11.1 Competition**

The Directors believe that there is a significant opportunity for Osirium to expand further in the cyber-security market. This is supported by the size of the company that the Directors regard as Osirium's closest competitor, CyberArk Software Inc., a NASDAQ listed provider of Privileged Account management security solutions with a market capitalisation as at 1 March 2016 of approximately \$1.2 billion.

The Directors have identified a number of other potential entrants, that are seeking to diversify into the Privileged Account management market and capitalise on the growth opportunities available in this relatively new area. These companies include Bomgar, Wallix, Beyond Trust, Centrify, Manage Engine and NetIQ as well as larger multi-national technology providers such as IBM Corporation, Oracle Corporation, CA Technologies and DELL.

### **11.2 Competitive advantages**

The Directors believe that Osirium's software offers major competitive advantages which include its ease of deployment, the ROI generated from its automation capabilities and the flexibility of its product architecture ensuring that customer requirements can be quickly implemented.

The ease of use and speed of deployment means that the software can be installed and operational within minutes. The software's 'out of the box' functionality means that the provision of extensive consultancy services is not necessarily required for a successful installation. Once deployed, a customer's internal IT resources can deal with any maintenance requirement without the necessity for ongoing Osirium support.

The software's ability to automate repeatable tasks and securely delegate or outsource tasks to third party service providers, help-desk staff or untrained junior staff removes the risk of human error and frees up the time of more expensive resource to focus on more important IT issues. This helps customers drive down operational costs, achieving impressive ROIs at the same time as reducing business risk.

The Group has a team of experienced software developers that focus on the ongoing development and frequent delivery of new features and functionality in response to customer feedback and requests. In this respect, Osirium's adaptability and flexibility enables the product to maintain its competitive advantage, which in turn results in low customer churn, demonstrated by a contract renewal rate of over 90 per cent.

In February 2016 as a means of marketing the differentiating factors of its offering compared with competitor products, Osirium launched its PAM 2.0 brand, which will feature heavily in the Group's marketing campaigns going forwards.

### **11.3 Barriers to entry**

The Directors believe that the barriers to entry preventing new participants entering the Privileged Account management vertical of the cyber-security market, thereby reinforcing Osirium's competitive position include the following:

- Osirium's operational management team has almost 100 years' collective experience of the IT security software industry, including over 20 years working in cyber-security, across the Directors and senior management team. As a consequence, the knowledge, track record and relationships that they have established provides a significant barrier to entry to new entrants;
- The three patent applications pending (as detailed in paragraph 17 of Part IV). Subject to grant, the Directors believe that these patents will force potential entrants to invest time and money in the development of markedly different software solutions;
- Osirium's geographical location and experience of working with UK based customers, providing credibility to the Group's core UK cyber-security market focus; and
- Osirium has a proven, and what the Directors believe to be a unique, task automation software solution.

## 12. GROWTH STRATEGY

The key elements of Osirium's growth strategy are summarised below:

- ***New customer acquisitions in existing and new markets***

Building on its reputation with existing customers, Osirium plans to follow a more aggressive sales and marketing strategy through an increased sales force and enhanced branding of its proposition through its PAM 2.0 brand campaign. Osirium will also seek to expand its presence into new industry sectors such as banking, insurance and critical national infrastructure as well as to develop strategic partnerships with MSSPs, strategic integrators and "The Big 4" accountancy firms.

- ***Growth within the existing client base***

Osirium plans to increase growth through cross and up selling its software range. Identifying opportunities to increase the number of devices used per client and sell more deeply into its existing customers, for example into new operating divisions or geographical locations, which will be two key focus areas.

- ***Product development***

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

## 13. SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The Company was incorporated on 3 November 2015 and, pursuant to the Share Exchange Agreement, became the new parent company of Osirium on 6 April 2016 as part of a restructuring of the Group in preparation for Admission. Save for entering into the Share Exchange Agreement (and the other material contracts relating to the Placing and Admission summarised in paragraph 12 of Part IV of this document) and the appointment of the Directors, whose terms of engagement are set out in paragraph 8 of Part IV of this document, since the date of its incorporation, the Company has not commenced any trading operations and, other than its interest in Osirium, has no material assets or liabilities. Accordingly, this document contains no historical financial information relating to the Company.

The following financial information for Osirium for the years ended 31 October 2013 to 2015 has been extracted from the historical financial information contained in Part III of this document, prepared in accordance with IFRS, and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.



	<i>Year ended</i> <i>31 October</i> <i>2013</i> £	<i>Year ended</i> <i>31 October</i> <i>2014</i> £	<i>Year ended</i> <i>31 October</i> <i>2015</i> £
<b>Summary of Income Statement</b>			
Revenue	119,960	207,005	290,150
Operating loss	(679,376)	(898,517)	(847,138)
Adjusted EBITDA <sup>1</sup>	(366,692)	(327,059)	(377,872)
Loss before tax	(714,556)	(892,802)	(857,052)
Loss after tax	<u>(576,851)</u>	<u>(758,689)</u>	<u>(736,006)</u>
<b>Summary of Cash Flow Statement</b>			
Net cash flow used in operating activities	(226,747)	(269,215)	(132,631)
Net cash flow used in investing activities	(411,818)	(376,614)	(407,257)
Net cash flow from financing activities	411,159	664,285	762,753
Net increase/(decrease) in cash and cash equivalents	<u>(227,406)</u>	<u>18,456</u>	<u>222,865</u>
<b>Summary of Statement of Financial Position</b>			
Total assets	925,091	1,074,463	1,227,828
Total liabilities	1,187,647	781,849	528,329
Total equity attributable to the owners of Osirium	<u>(262,556)</u>	<u>292,614</u>	<u>699,499</u>

*Note(s):*

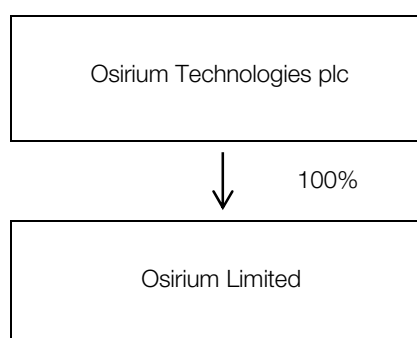
<sup>1</sup> Operating (loss) before amortisation and depreciation and adding back share option charges (£0, £184,263 and £56,399 for years ended 31 October 2013, 2014 and 2015 respectively)

#### 14. CURRENT TRADING AND PROSPECTS

The Board confirms that trading since 31 October 2015 has been in line with its expectations and the Board also confirms that it is confident of the Group's future prospects.

#### 15. GROUP STRUCTURE

The figure below shows the Group's corporate structure as at Admission:



Osirium Technologies plc is the holding company of the Group. Further details of the Company's issued share capital and its current shareholders are set out in paragraphs 3 and 6 respectively of Part IV of this document. A short biography on each of the Directors and other key senior management within the Group is provided in paragraph 16 below. Osirium is the Group's main trading company.

#### 16. DIRECTORS AND SENIOR MANAGEMENT

##### **Directors**

**Simon Lee** (age 55) – *Non-Executive Chairman*

Simon Lee is an International Advisor to Fairfax Financial where he sits on the Boards of Brit Syndicates Ltd and Advent Underwriting Ltd. He is also on the Global Advisory Board to Afiniti Inc., Non-Executive Director

of TIA Technology and DGS Ltd. and Chairman of Hospice in the Weald. Until December 2013, Simon was Group Chief Executive of RSA Insurance Group plc, a FTSE 100 company, operating at the time in 32 countries, employing around 23,000 people, writing c.£9 billion p.a. in premiums with assets of c. £21 billion. Previously, Simon spent 17 years with NatWest Group, working in a variety of roles including Chief Executive NatWest Offshore, Head of US Retail Banking, CEO NatWest Mortgage Corporation (US) and Director of Global Wholesale Markets.

**David Guyatt** (age 56) – *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** (age 49) – *Chief Financial Officer*

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

**John Townsend** (age 64) – *Non-Executive Director*

John started his career as a financial analyst with Hoare Govett, subsequently moving into senior roles in the fund management industry with Warburg Investment Management (which became Mercury Asset Management plc) and Citibank Global Asset Management. John was a founder of Sagitta Asset Management Ltd in 1995. After exiting Sagitta in 2000, John became CEO of Vesta Capital Partners, a venture capital firm focused on financial services technology. In 2008 alongside David Farmer, John acquired Chord Capital from Sagentia plc. John is Chord Capital's representative on the Board.

**Stephen (Steve) Purdham** (age 58) – *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 non-executive directorships including with the Manchester Technology Fund Limited and Identum Limited.

**Senior Management**

**Kevin Pearce** – *Chief Technical Officer*

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 Marketing Officer and Head of Engineering*

Andrew has over 25 years' experience inventing and building IT networking and security products and has worked with David Guyatt for over 25 years. Andrew has played an integral role in the conception and development of products such as MIMESweeper.

### **Catherine Jamieson** – *Chief Operating Officer*

Catherine has undertaken numerous operations and team leadership roles over the past 20 years. Prior to joining Content Technologies, between 1991 and 1997 Catherine was the Sales Manager at Integralis, the UK's leading IT security specialist at the time.

## **17. REASONS FOR ADMISSION AND USE OF PROCEEDS**

Osirium has grown to date and developed its product suite through a combination of equity funding from the founders, other investors and a private equity investment round funded by a Chord Capital managed fund, Harwell Capital, current Non-Executive Chairman Simon Lee and a number of angel investors.

At this stage of its evolution, the Directors believe that the Group has developed an attractive and proven product suite.

The Directors believe that Admission is a key step in the Group's further development, enabling Osirium to obtain funding to realise its strategic objectives as well as enhancing its credibility and profile in the market place.

The Directors intend to use the net proceeds of the Placing of approximately £5.1 million receivable by the Company to:

- continue to build momentum and the value of the Osirium cyber-security PAM 2.0 brand which will feature heavily in the Group's marketing campaigns going forwards;
- fund the appointment of additional sales and marketing staff members, as required, to support the Group's sales strategy;
- invest in the full range of marketing initiatives, including digital marketing (e.g. Search Engine Optimisation, Google AdWords, Google Analytics and webinars) and increasing the attendance and the Group's profile at exhibitions, conferences and other PR events;
- invest in additional research and development resources to accelerate delivery of customer-driven functionality;
- fund ongoing product management; and
- provide additional working capital headroom to fund the continued operations of the Group through what the Directors expect to be a phase of expected and rapid growth.

Furthermore, Admission will allow the Group to attract, retain, and incentivise existing and future employees and provide access to capital should further financing be required in the future to further expand the business.

## **18. DETAILS OF THE PLACING**

Pursuant to the Placing Agreement, Panmure Gordon has conditionally agreed to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price. The Placing is not being underwritten. The Placing comprises the issue of up to 3,846,153 New Shares by the Company and the sale of 1,809,620 Ordinary Shares by the Seller.

The New Shares to be issued by the Company pursuant to the Placing will represent 37 per cent. of the Enlarged Share Capital and will raise £6 million gross of expenses (approximately £5.1 million net of expenses) for the Company. On Admission, the Company will have a market capitalisation of approximately £16.2 million.

The New Shares will be allotted and issued in three separate tranches to assist investors seeking to benefit under EIS and VCTs.

EIS Shares will be offered to those investors seeking to claim EIS relief in relation to their subscription, VCT Shares will be offered to VCTs and the remaining New Shares, being the Non-Eligible Shares, will be offered to those investors who are neither seeking EIS relief nor are VCTs.

The issue of the EIS Shares is conditional, among other things, upon the Placing Agreement not having been terminated in accordance with its terms. **EIS investors should note that it is intended that the Company will issue the EIS Shares on 14 April 2016, being the day before the expected date of Admission and, accordingly, issue of the EIS Shares is not conditional upon Admission.**

The placing of the VCT Shares and the Non-Eligible Shares is conditional, among other things, upon the Placing Agreement becoming unconditional (including Admission taking place at 8.00 a.m. on 15 April 2016 or such later time and/or date as Panmure Gordon and the Company may agree, not being later than 8.00 a.m. on 30 April 2016) and not having been terminated in accordance with its terms prior to Admission. It is intended that the Company will allot and issue the VCT Shares at 8.00 a.m. on 15 April 2016 being the expected date of Admission and allot the Non-Eligible Shares at such time for issue at or about 9.30 a.m. on 15 April 2016.

The New Shares will be issued credited as fully paid and will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares (including the Sale Shares), including the right to receive all dividends and other distributions declared, paid or made after the date of issue.

Pursuant to the terms of the Placing Agreement, the Seller has agreed to sell the Sale Shares at the Placing Price. The Placing of the Sale Shares will raise gross proceeds for the Seller (before expenses) of approximately £2.8 million. The Seller will continue to hold 760,048 Ordinary Shares representing approximately 7.31 per cent. of the Enlarged Share Capital immediately after Admission. These shares are subject to the lock in and orderly market arrangements described in paragraph 23 below.

Further details of the Placing Agreement are set out in paragraph 12.1 of Part IV of this document.

## **19. DIVIDEND POLICY**

The Company has not declared or paid cash dividends on the Existing Ordinary Shares prior to the date of this document. The payment of any future dividends on the Ordinary Shares will depend on the future earnings of the Group. The Board has no current intention of paying a cash dividend to Shareholders as the Board currently intends to invest the Group's cash reserves and any cash generated into driving business growth, but will consider declaring a dividend only when prudent to do so and in the context of the cash generated by the business.

## **20. CORPORATE GOVERNANCE**

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

Following Admission, the Board will comprise five directors, two of whom shall be executive directors and three of whom shall be non-executive directors, reflecting a blend of different experience and backgrounds. The Board considers Simon Lee and Steve Purdham to be independent Non-Executive Directors under the criteria identified in the UK Corporate Governance Code (September 2014).

The Board intends to meet regularly following Admission and will be 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 will receive appropriate and timely information. Briefing papers will be 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 will 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.

### **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 will receive and review such reports as it from time to time requests from the Group's management and auditors. The Audit Committee will meet at least twice a year and will have unrestricted access to the Group's auditors. The Audit Committee comprises Steve Purdham, Simon Lee and John Townsend and will be initially 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 will regularly review the effectiveness of the Audit Committee. Once 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 to be responsible for making recommendations for grants of options under the New Share Option Scheme. It is expected to meet 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 John Townsend and is chaired by Steve Purdham.

## **21. THE SHARE DEALING CODE**

The Board has adopted a share dealing code which governs dealings by the Directors and employees (as well as certain relevant persons) in the Company's securities and which is appropriate for a company whose shares are admitted to trading on AIM (in order to, *inter alia*, ensure compliance with Rule 21 of the AIM Rules).

## **22. SHARE INCENTIVE ARRANGEMENTS**

The Board recognises the importance of ensuring that the management and employees of the Group are effectively and appropriately incentivised and their interests aligned with those of the Group and that the ongoing success of the Group depends to a high degree on retaining and incentivising the performance of key members of senior management.

To that end, the Company has adopted the New Share Option Scheme. A summary of the New Share Option Scheme and of the Options granted thereunder on or before Admission are set out in paragraph 7 of Part IV of this document.

## **23. LOCK-IN AND ORDERLY MARKETING ARRANGEMENTS**

Under the terms of the Lock In Deed, each of the Lock In Shareholders (including those Directors who will hold shares after Admission and the Seller), representing, in aggregate, approximately 37 per cent. of the Company's issued share capital on Admission, has agreed not to dispose of any interests owned by him or any connected person prior to the date which is 12 months from the date of Admission. In addition, for a further 12 month period following the end of the original lock-in period, they will only dispose of their shares through Panmure Gordon during that period in such a way as to maintain an orderly market.

## **24. ADMISSION, SETTLEMENT AND DEALINGS**

Application has been made to the London Stock Exchange for the Ordinary Shares, including those issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 15 April 2016.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and written forms of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Ordinary Shares held in uncertificated form following Admission will take place within the CREST system.

## **25. EIS AND VCT STATUS**

### ***EIS***

The Board has received advanced assurance from HMRC that it would be able to authorise the Group to issue certificates under section 204(1) of the UK Income Tax Act 2007 in respect of Ordinary Shares issued to individuals, following receipt of a properly completed EIS 1 form within the prescribed time limit stipulated in section 205(4) of the UK Income Tax Act 2007.

The continuing status of the Ordinary Shares as qualifying for EIS purposes will be conditional on the qualifying conditions being satisfied throughout the relevant period of ownership. Neither the Company nor the Directors give any warranty, representation or undertaking that any investment in the Company by way of EIS shares will remain a qualifying investment for EIS purposes.

EIS eligibility is also dependent on a Shareholder's own position and not just that of the Company. Accordingly, prospective investors should take their own advice in this regard.

### ***VCT Scheme***

The Board has received advanced assurance from HMRC that the Company may be regarded as a "qualifying holding" under Chapter 4, Part 6 of the UK Income Tax Act 2007 for the purposes of investment by VCTs.

The continuing status of the Ordinary Shares as a qualifying holding for VCT purposes will be conditional, *inter alia*, on the Ordinary Shares being held as a "qualifying holding" for VCT purposes throughout the period of ownership.

Save as disclosed in paragraph 12.5 of Part IV of this document, neither the Company nor the Directors give or have given any warranty, representation or undertaking that any VCT investment in the Company will remain a qualifying holding.

The aggregate sum raised on the issue of the EIS Shares and the VCT Shares will not cause the annual maximum of £5 million that can be raised from any investments (including under the EIS or from VCTs) pursuant to a measure approved by the European Commission as compatible with Article 107 of the Treaty on the Functioning of the European Union in accordance with the principles laid down in the current Community Guidelines on State Aid to promote Risk Capital Investments in Small and Medium Sized Enterprises. to be exceeded.

## **26. THE TAKEOVER CODE**

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares acquired by the acquirer or its concert parties during the offer period and in the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

Further information on the provisions of the Takeover Code can be found in paragraph 5.2 of Part IV of this document.

## **27. TAXATION**

Information regarding the tax position of UK resident Shareholders under United Kingdom law and HMRC practice as at the date of this document is set out in paragraph 11 of Part IV of this document. That information is intended only as a general guide. **If you are in any doubt as to your tax position, you should contact your independent professional adviser.**

## **28. RISK FACTORS**

Prospective investors should consider carefully the risk factors described in the section headed “Risk Factors” and set out in Part II of this document in addition to the other information set out in this document and their own circumstances, before deciding to invest in Ordinary Shares.

## **29. FURTHER INFORMATION**

You should read the whole of this document and not just rely on the information contained in this Part I. Your attention is drawn to the information set out in Parts II to IV (inclusive) of this document which contain further information on the Group.

In particular, your attention is drawn to the risk factors set out in Part II of this document. In addition to all other information set out in this document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.



## PART II

### RISK FACTORS

*Any investment in the Ordinary Shares is subject to a number of risks. Accordingly, prospective investors should carefully consider the risks and uncertainties described below, together with all other information contained in this document, before making any decision to invest in the Ordinary Shares. The Group's business, financial condition, results of operations and prospects could be materially and adversely affected by any or a combination of the risks described below. Additional risks and uncertainties relating to the Group's business that are not currently known to the Directors, or that the Directors currently deem immaterial, could also have a material adverse effect on the Group's business, financial condition, results of operations or prospects. If any such circumstances were to occur, the market price of the Ordinary Shares could decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances. If investors are in any doubt about any action they should take, they should consult a competent independent professional adviser who specialises in advising on the acquisition of quoted securities.*

*Prospective investors should be aware that an investment in the Company is speculative and involves a high degree of risk. In addition to the other information contained in this document, the Directors believe that the following risk factors are the most significant for potential investors and should be considered carefully in evaluating whether to make an investment in the Company. If any of the risks described in this document actually occurs, the Group may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, the market price of the Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Group's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements. The risks listed below are not set out in any particular order of priority.*

#### **1. RISKS SPECIFIC TO THE GROUP'S ACTIVITIES**

##### ***Dependence on key executives and personnel***

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

Although certain key executives and personnel have entered, or will, subject to Admission, enter, into service agreements or letters of appointment with the Company or Osirium, there can be no assurance that the Group will retain their services. The loss of the services of any of the key executives or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Group.

##### ***Ability to recruit and retain skilled personnel***

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 upon the trading performance of the Group. The ability to attract new employees with the appropriate expertise and skills cannot be guaranteed.

##### ***Reliance on key systems***

The Group's dependency upon technology exposes the Group to significant risk in the event that such technology or the Group's systems experience any form of damage, interruption or failure. Any malfunctioning of the Group's technology and systems, or those of key third parties, even for a short period of time, could result in a lack of confidence in the Group's services, with a consequential material adverse effect on the Group's operations and results.



The Group's systems are vulnerable to damage or interruption from events including:

- natural disasters;
- power loss;
- telecommunication failures;
- computer hacking activities; and
- acts of war or terrorism.

The Group's systems are also subject to break-ins, sabotage and international acts of vandalism by internal employees and contractors as well as third parties.

Any interruption in the availability of the Group's website, core cloud-based software solution, support site or telephone systems would create a business interruption and a large volume of customer complaints.

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

### ***Business strategy***

The value of an investment in the Company is dependent, *inter alia*, upon the Group achieving the aims set out in this document. Although the Group has a clearly defined strategy, there can be no guarantee that its objectives will be achieved or that the Group will achieve the level of success that the Directors expect. Furthermore, the Group may decide to change aspects of its strategy described in this document. The Group's ability to implement its business strategy successfully may be adversely impacted by factors that the Group cannot currently foresee, such as unanticipated costs and expenses or technological changes. Should it be unsuccessful in implementing its strategy or should it take longer than expected to implement, the future financial results of the Group could be negatively impacted.

### ***Further funding requirements***

Although not presently anticipated by the Directors, the Group may, in the future (that is, more than twelve months from the date of Admission), need to raise further equity or debt to fund any future acquisitions, expansion, activity and/or business development. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds, if raised, would be sufficient. Debt funding may require assets of the Group to be secured in favour of the lender, which security may be exercised if the Group were to be unable to comply with the terms of the relevant debt facility agreement. If the Group is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned acquisition opportunities, expansion, activity and/or business development. The above could have a material adverse effect on the Group.

### ***Attract new customers and retain existing customers***

The Group's future success depends on its ability to increase sales of its products to new end customers, increase sales of additional products to its existing end customers and maintain historical subscription rates. The rate at which new and existing end customers purchase products and existing customers renew subscriptions depends on a number of factors, including the efficacy of the Group's products and the utility 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 as a result of 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 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.

### ***Key customer dependency***

The Group currently generates a significant proportion of its revenue from certain customers. In the three years ended 31 October 2015, the Group's top customers accounted for a significant proportion of total revenue. The loss of all or a substantial proportion of the business provided by one or more of the Group's top customers could have a material adverse effect on the Group's business.

### ***Litigation***

Whilst the Group has taken, and intends to continue to take, such precautions as it regards as appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of litigation being brought against the Company and/or Osirium.

There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

### ***Reputation***

The Group's reputation, in terms of the service it provides, 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 products and the software on which they are based are complex and may contain undetected defects when first introduced and problems may be discovered from time to time in existing, new or enhanced products. Undetected defects 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.

Also, failure to meet the expectations of the customers, operators, suppliers, employees and shareholders and other business partners may have a material adverse effect on the Group's reputation.

### ***Intellectual Property***

The Group's technology is primarily comprised of software and other code and content ("Software"). Some of the Software has been developed internally and is owned by the Group. In addition, some of the Software has been developed by third parties who 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 the Software to the Group. Again, as is usual, such licences may be terminated by the licensors as a result of a breach of their terms by the Group. Any failure by the Group to comply with the terms of the licences granted to it could therefore result in such licences being terminated and the Group no longer being entitled to continue to use the Software in question. In addition, 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 of the terms under which such software has been licensed to the Group.

The Group is dependent on maintaining the proprietary rights in its software and other technology. The Group is reliant on copyright laws, trade mark laws, laws of confidentiality and contractual provisions covering intellectual property ownership and licensing.

Any failure by the Group to protect and/or enforce its intellectual property rights may result in another party being able to copy or otherwise obtain and use its technology without authorisation. There may not be adequate protection for the intellectual property in every country in which the Group sells its products and policing unauthorised use of proprietary information is difficult and expensive. Due to the Group's size and limited cash resources, it has historically taken only limited action to protect its key intellectual property and it may not be able to detect and prevent infringement of its intellectual property. Should a third party successfully demonstrate priority over any of these rights, it could inhibit the Group from selling products in certain territories.

The steps which the Group has taken and intends to take to protect its intellectual property may be inadequate to prevent the misappropriation of its proprietary technology. Any misappropriation of the Group's intellectual property could have a negative impact on the Group's business and its operating results.

Furthermore, the Group may need to take legal action to enforce its intellectual property or to determine the validity or scope of the proprietary rights of others.

Competitors of the Group may seek to bring actions against the Group for alleged third party infringements. Competitors may independently develop technologies substantially equivalent or superior to the Group's own technology. The Group's products may be sold in countries where there is less protection of intellectual property rights than under European or US law and enforcement of the Group's intellectual property rights may be ineffective. The Group could be liable to customers if its intellectual property rights infringed a third party's rights and its customers suffered losses.

Litigation relating to the Group's intellectual property, whether instigated by the Group to protect its rights or arising out of alleged infringement of third party rights, may result in substantial costs and the diversion of resources and management attention and there can be no guarantees as to the outcome of any such litigation, or that it can be effectively used to enforce the Group's rights.

### ***Support services***

Once the Group's products are deployed on end customers' IT systems, networks and devices, such end customers depend on the Group's technical support services to resolve any issues relating to the Group's products. If the Group does not effectively assist end customers to deploy the Group's products, quickly resolve post-deployment issues, or provide effective on-going support where required, the Group's ability to sell additional products and services to existing end customers would be adversely affected and the Group's reputation with potential end customers could be damaged. Furthermore, the failure of end customers to correctly use the Group's products, or the Group's failure to effectively assist end customers in installing and configuring the Group's products and providing effective on-going support where required, may result in an increase in the vulnerability of end customers' IT systems and sensitive business data. In addition, to the extent that the Group is unsuccessful in hiring, training, and retaining adequate support resources, the Group's ability to provide adequate and timely support to end customers will be negatively impacted, and end customers' satisfaction with the Group's products and services will be adversely affected. The Group's failure to provide and maintain high quality support services, especially as the Group's business grows, could materially adversely affect the Group's financial condition, operating results and prospects.

### ***Current operating results as an indication of future results***

The Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside its control. Accordingly, investors should not rely on comparisons with the Group's results to date as an indication of future performance. Factors that may affect the Group's operating results include increased competition, an increased level of expenses, technological change necessitating additional capital expenditure, slower than expected sales and changes to the statutory and regulatory regime in which it operates. It is possible that, in the future, the Group's operating results may fall below the expectations of market analysts or investors. If this occurs, the trading price of the Ordinary Shares may decline significantly.

### ***The Group is at an early stage of operations***

The Group is an early stage technology group operating in the IT security industry whose business must be considered in light of the risks, expenses and cash flow problems often encountered by early stage companies. Typically, a majority of such companies fail to achieve their business plan and their projections, through a failure to estimate the speed of completing a commercially saleable product, speed of market penetration, and the cash costs associated with penetrating international markets. Such companies also often fail to provide and maintain adequate investment in product development and marketing and fail to provide adequate managerial, operational and financial resources. There can be no assurance that the Group will be successful in executing its business plan or that shareholder value will be created.

An investment in the Company should be regarded as speculative and should be considered long term in nature and as suitable only for sophisticated investors who understand the risks involved, including the risk of a total loss of capital. Any investor in the Company must have no need for any liquidity with respect to this investment and must be able to withstand a total loss of his investment.

### ***Sales and marketing***

The Group intends to continue investing in marketing and distribution channels and its own sales functions to grow the business. Success of the Group's business will require the continuation of existing, and establishment of additional sales channels. There is no certainty that the Group will be able to attract new channel partners and retain existing channel partners.

Penetration of new markets can be slow, expensive and subject to delays, and ultimately may not be successful. Significant delays in new contracts will result in working capital strain for the Group. The Group is likely to incur costs in these areas before anticipated benefits materialise. The return on these investments may be lower or develop more slowly than expected. There can be no guarantee that the Group will be able to maintain, or increase its sales and market share.

### ***Technology***

The markets in which the Group operates are characterised by rapid technological change, changes in use and customer requirements and preferences, frequent product and service introductions employing new technologies and the emergence of new industry standards and practices that could render the Group's existing technology and products obsolete.

In order to compete successfully, the Group will need to continue to improve its products, and to develop and market new products that keep pace with technological change. This may place excess strain on the Group's capital resources which may adversely impact on the revenues and profitability of the Group.

The success of the Group depends on its ability to anticipate and respond to technological changes and customer preferences in a timely and cost-effective manner. There can be no assurance that the Group will be able to effectively anticipate and respond to technological changes and customer preferences in the future.

### ***Failure to develop, launch and market new products***

The Group's long-term growth and profitability is dependent on its ability to develop and successfully launch and market new products. The Group's revenues and market share may suffer if it is unable to successfully introduce new products in a timely fashion or if any new or enhanced products or services are introduced by its competitors that its customers find more advanced and/or better suited to their needs.

While the Group continuously invests in research and development to develop products in line with customer demand and expectations, if it is not able to keep pace with product development and technological advances, including also shifts in technology in the markets in which it operates, or to meet customer demands, this could have a material adverse effect on the Group's business, results of operations and financial condition.

### ***Competition***

The Group's main competitors are providers of Privileged Account management solutions and, in many cases, significantly larger enterprises with greater financial and marketing resources. The sector in which

the Group operates is very competitive and there can be no certainty that the Group will be able to achieve the market penetration it seeks. There can be no guarantee that the Group's current competitors or new entrants to the market will not bring superior technologies, products or services to the market or equivalent products at a lower price which may have an adverse effect on the Group's business. Such companies may also have greater financial and marketing resources than the Group. Even if the Group is able to compete successfully, it may be forced to make changes in one or more of its products or services in order to respond to changes in customers' needs which may impact negatively on the Group's financial performance.

### ***Status of the Group's self-employed subcontractors as regards taxation***

In common with other companies in the IT industry, Osirium engages with a number of contractors under consultancy service agreements. Whilst the Group conducts regular reviews to ensure it remains compliant with published HMRC guidelines on the status of self-employed sub-contractors, if any arrangements in relation to those persons change in the future or if HMRC changes its view on whether these activities are compliant with the employment status rules, the relevant persons could be deemed to be employees instead of sub-contractors, in which case, the Group would be liable to make payments in respect of PAYE/NIC relating to their employment.

## **2. GENERAL RISKS**

### ***Economic conditions***

The Group could be affected by unforeseen events outside its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's products. A more prolonged economic downturn may lead to an overall decline in the volume of the Group's activities and sales, restricting the Group's ability to realise a profit. The markets in which the Group offers its services are directly affected by many national and international factors that are beyond the Group's control.

### ***Market risks***

The Group may be affected by general market trends which are unrelated to the performance of the Group itself. The Group's success will depend on market acceptance of the Group's products and there can be no guarantee that this acceptance will be forthcoming. Market opportunities targeted by the Group may change and this could lead to an adverse effect upon its revenue and earnings.

### ***Tax risk***

Any change in the Company's or its subsidiaries' tax status or a change in tax legislation could affect the Company's ability to provide returns to shareholders. Statements in this document in relation to tax and concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the specific circumstances of the relevant investor.

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available.

### ***Exchange rate risk***

As the Group grows and expands in both current and new territories, it will be increasingly exposed to exchange rate fluctuations which could have a material adverse effect on the Group's profitability or the price competitiveness of its products and services. There can be no guarantee that the Group would be able to compensate or hedge against such adverse effects and therefore negative exchange rate effects could have a material adverse effect on the Group's business and prospects, and its financial performance.

### ***Force Majeure***

The Group's operations now or in the future may be adversely affected by risks outside the control of the Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

## **3. RISKS ASSOCIATED WITH THE ORDINARY SHARES**

### ***General investment***

A number of factors outside the Company's control could impact on its performance and the price of its Ordinary Shares, including investor sentiment and local and international stock market conditions.

Shareholders should recognise that the price of shares may fall as well as rise and that the market price of the Ordinary Shares may not reflect the underlying value of the Group.

### ***AIM***

Application has been made for the Ordinary Shares to be admitted to AIM, a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success, and liquidity in the market for the Company's securities, cannot be guaranteed.

### ***Volatility***

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Group's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Group's performance.

Therefore, investors should be aware that, following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment and could even lose their entire investment.

### ***Illiquidity***

There will have been no public trading market for the Ordinary Shares prior to Admission. As a consequence, there can be no assurance that an active trading market will develop after Admission or, if developed, that an active trading market will be sustained. Therefore, the Ordinary Shares may be illiquid in the short to medium term and, accordingly, investors may find it difficult to sell their Ordinary Shares, either at all or at an acceptable price.

The Company cannot predict the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market or how liquid such a market might become. Investors may experience greater price volatility and less efficient execution of buy and sell orders than expected. The Company cannot guarantee that it will always retain a quotation on AIM. If the Company fails to do so, certain investors may decide to sell their Ordinary Shares, which could have an adverse impact on the share price. Additionally, if in the future the Company decides to obtain a listing on another exchange, in addition to AIM or as an alternative, this may affect the liquidity of the Ordinary Shares traded on AIM.

Finally, the free float of the Company following Admission will be limited in light of the Lock In Deed and this may also have an impact on liquidity.

### ***The future performance of the Group cannot be guaranteed***

There is no certainty and no representation or warranty is given by any person that the Group will be able to achieve any returns referred to in this document. The financial operations of the Group may be adversely affected by general economic conditions, by conditions within the UK stock market generally or by the particular financial condition of other parties doing business with the Group.



If the Group's revenues do not grow, or grow more slowly than anticipated, or if its operating or capital expenditures exceed expectations and cannot be adjusted sufficiently, the market price of its Ordinary Shares may decline. In addition, if the market for securities of companies in the same sector or the stock market in general experiences a loss in investor confidence or otherwise falls, the market price of the Ordinary Shares may fall for reasons unrelated to the Group's business, results of operations or financial condition.

### ***Dilution of existing Shareholders' interests***

The Company may need to raise additional funds in the future to finance the expansion of the Group's operations and/or the Company may elect to issue Ordinary Shares as consideration for acquisitions. If additional funds are raised through the issuance of new equity of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced, and/or any new securities issued may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

### ***Dividend policy***

There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Board, and will depend on, among other things, the Group's earnings, financial position, cash requirements and availability of profits. A dividend may never be paid. At present, the Company's dividend policy is set out in paragraph 19 of Part I of this document.

### ***EIS and VCT status***

The Company received provisional assurance from HM Revenue & Customs on 15 January 2016 that Ordinary Shares issued to investors should be a "qualifying holding" for the purposes of the EIS and for investment by a VCT under Part 5 (EIS) and Part 6 (VCT) of Chapter 4 of the Income Taxes Act 2007 respectively, and that the Ordinary Shares will be eligible shares for the purposes of section 173 and section 285(3A) of the Income Taxes Act 2007.

The provisional assurance relates only to the qualifying status of the Company and its shares and does not guarantee that any particular VCT will qualify for relief in respect of an acquisition of Ordinary Shares. The continuing availability of EIS relief and the status of the relevant Placing Shares as a qualifying holding for VCT purposes will be conditional, *inter alia*, on the Company continuing to satisfy the requirements for a qualifying company throughout the period of three years from the date of the investor making their investment under EIS and, for VCT purposes, throughout the period the Ordinary Shares are held as a "qualifying holding". Save as disclosed in paragraph 12.5 of Part IV of this document, neither the Directors, the Company nor the Company's advisers give any warranties or undertakings that any relief under EIS or that VCT qualifying status will be available in respect of the Placing, or that in due course such relief or status will not be withdrawn.

Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way that preserves the EIS or VCT qualifying status. In such circumstances, save as aforesaid the Company cannot undertake to conduct its activities in a way designed to preserve any such relief or status.

Should the law regarding EIS or VCTs change then any relief or qualifying status previously obtained may be lost.

Any person who is in any doubt as to their taxation position should consult their professional taxation adviser in order that they may fully understand how the rules apply in their individual circumstances.

**It should be noted that the factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Company. In particular, the Group's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Group.**

**If any of the risks referred to in this Part II crystallise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its Ordinary Shares could decline and investors may lose all or part of their investment.**



## PART III

### HISTORICAL FINANCIAL INFORMATION OF OSIRIUM

#### SECTION A – ACCOUNTANTS’ REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF OSIRIUM

The following is the full text of a report on Osirium Limited from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of Osirium Technologies plc.



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The Directors  
Osirium Technologies plc  
One Central Square  
Cardiff  
CF10 1FS

8 April 2016

Dear Sirs,

#### **Osirium Limited (“Osirium”)**

We report on the financial information of Osirium set out in Section B of Part III of the Admission Document dated 8 April 2016 (“Admission Document”) of Osirium Technologies plc (the “Company”). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Notes 1 and 2 to the financial information. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules to any person and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, or consenting to its inclusion in the Admission Document.

#### **Responsibilities**

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

## **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

## **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Osirium as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## **Declaration**

For the purposes of part (a) of Schedule Two to the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules.

Yours faithfully

## **RSM Corporate Finance LLP**

Regulated by the Institute of Chartered Accountants in England and Wales

RSM Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347.

A list of the names of members is open to inspection at the registered office 25 Farringdon Street, London, EC4A 4AB

**SECTION B – HISTORICAL FINANCIAL INFORMATION FOR THE THREE YEARS ENDED  
31 OCTOBER 2015**

**STATEMENT OF COMPREHENSIVE INCOME**

		<i>Year ended 31 October 2013</i>	<i>Year ended 31 October 2014</i>	<i>Year ended 31 October 2015</i>
	<i>Notes</i>	£	£	£
<b>CONTINUING OPERATIONS</b>				
Revenue		119,960	207,005	290,150
Administrative expenses	5	<u>(799,336)</u>	<u>(1,105,522)</u>	<u>(1,137,288)</u>
<b>OPERATING LOSS</b>		(679,376)	(898,517)	(847,138)
Finance costs	6	(36,159)	–	(9,986)
Finance income	6	<u>979</u>	<u>5,715</u>	<u>72</u>
<b>LOSS BEFORE TAX</b>		(714,556)	(892,802)	(857,052)
Income tax credit	7	<u>137,705</u>	<u>134,113</u>	<u>121,046</u>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF OSIRIUM</b>		<u>(576,851)</u>	<u>(758,689)</u>	<u>(736,006)</u>

There are no items of other comprehensive income in the years ended 31 October 2015, 2014 & 2013, therefore no statement of other comprehensive income has been presented.

## STATEMENT OF FINANCIAL POSITION

		<i>Year ended</i> <i>31 October</i> <i>2013</i>	<i>Year ended</i> <i>31 October</i> <i>2014</i>	<i>Year ended</i> <i>31 October</i> <i>2015</i>
	<i>Notes</i>	£	£	£
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Intangible assets	8	808,557	795,713	793,256
Property, plant and equipment	9	7,188	9,520	6,439
<b>CURRENT ASSETS</b>				
Trade and other receivables	10	77,181	218,609	154,647
Cash and cash equivalents	11	32,165	50,621	273,486
		<u>109,346</u>	<u>269,230</u>	<u>428,133</u>
<b>TOTAL ASSETS</b>		<u><u>925,091</u></u>	<u><u>1,074,463</u></u>	<u><u>1,227,828</u></u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	235,160	294,207	365,041
		<u>235,160</u>	<u>294,207</u>	<u>365,041</u>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	14	789,049	323,738	–
Deferred tax	16	163,438	163,904	163,288
		<u>952,487</u>	<u>487,642</u>	<u>163,288</u>
<b>TOTAL LIABILITIES</b>		<u><u>1,187,647</u></u>	<u><u>781,849</u></u>	<u><u>528,329</u></u>
<b>EQUITY</b>				
<b>SHAREHOLDERS EQUITY</b>				
Called up share capital	15	3,893	6,577	10,914
Share premium	15	1,854,093	2,981,005	4,063,160
Share option reserve	21	–	184,263	240,662
Retained earnings		<u>(2,120,542)</u>	<u>(2,879,231)</u>	<u>(3,615,237)</u>
<b>TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF OSIRIUM</b>		<u><u>(262,556)</u></u>	<u><u>292,614</u></u>	<u><u>699,499</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>925,091</u></u>	<u><u>1,074,463</u></u>	<u><u>1,227,828</u></u>

## STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to the owners of Osirium</i>				
	<i>Called up share capital £</i>	<i>Retained earnings £</i>	<i>Share premium £</i>	<i>Share option reserve £</i>	<i>Total equity £</i>
<b>Balance at 1 November 2012</b>	3,893	(1,543,691)	1,854,093	–	314,295
<b>Changes in equity</b>					
Total comprehensive loss	–	(576,851)	–	–	(576,851)
<b>Balance at 31 October 2013</b>	<u>3,893</u>	<u>(2,120,542)</u>	<u>1,854,093</u>	<u>–</u>	<u>(262,556)</u>
<b>Changes in equity</b>					
Issue of share capital	2,684	–	1,126,912	–	1,129,596
Total comprehensive loss	–	(758,689)	–	–	(758,689)
Share option charge	–	–	–	184,263	184,263
<b>Balance at 31 October 2014</b>	<u>6,577</u>	<u>(2,879,231)</u>	<u>2,981,005</u>	<u>184,263</u>	<u>292,614</u>
<b>Changes in equity</b>					
Issue of share capital	4,337	–	1,082,155	–	1,086,492
Total comprehensive loss	–	(736,006)	–	–	(736,006)
Share option charge	–	–	–	56,399	56,399
<b>Balance at 31 October 2015</b>	<u><u>10,914</u></u>	<u><u>(3,615,237)</u></u>	<u><u>4,063,160</u></u>	<u><u>240,662</u></u>	<u><u>699,499</u></u>

**STATEMENT OF CASHFLOWS**

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
<b>Cash flows from operating activities</b>			
Cash generated from operations (Note 12)	(300,366)	(323,294)	(257,218)
Interest paid	(36,159)	5,646	(9,985)
Tax paid	109,778	48,433	134,572
Net cash from operating activities	<u>(226,747)</u>	<u>(269,215)</u>	<u>(132,631)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets	(410,144)	(368,394)	(404,385)
Purchase of tangible fixed assets	(2,653)	(8,289)	(2,944)
Interest received	979	69	72
Net cash from investing activities	<u>(411,818)</u>	<u>(376,614)</u>	<u>(407,257)</u>
<b>Cash flows from financing activities</b>			
New loans in year	411,159	25,000	–
Share issue	–	639,285	762,753
Net cash from financing activities	<u>411,159</u>	<u>664,285</u>	<u>762,753</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	(227,406)	18,456	222,865
<b>Cash and cash equivalents at beginning of year</b>	259,571	32,165	50,621
<b>Cash and cash equivalents at end of year</b>	<u>32,165</u>	<u>50,621</u>	<u>273,486</u>

## **NOTES TO THE HISTORICAL FINANCIAL INFORMATION**

### **1. BASIS OF PREPARATION**

Osirium was incorporated on 29 October 2008, and is registered and domiciled in England and Wales with its registered office located at One Central Square, Cardiff CF10 1FS.

The principal activity of Osirium in the years under review was that of the development of security software.

This historical financial information (“Historical Financial Information”) has been prepared on a going concern basis under the historical cost convention, and is 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 this Historical Financial Information and in accordance with the provisions of the Companies Act 2006.

The preparation of Historical Financial Information requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in their individual notes.

The Historical Financial Information in this Part does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

Osirium’s accounting period ended on 31 October in respect of the Historical Financial Information.

Osirium has adopted all of the new and revised standards and interpretations issued by IASB and the International Financial Reporting Interpretations Committee (“IFRIC”) as they have been adopted by the European Union, that is relevant to its operations and effective for accounting periods beginning on 1 November 2015 and have applied these policies across the period.

#### ***New and amended standards and interpretations***

New standards, amendments and interpretations effective after 1 November 2015 have not been 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 is yet to assess IFRS 9’s full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018.

IFRS 15, ‘Revenue from contracts with customers’, is effective for accounting periods beginning on or after 1 January 2018. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

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



Osirium has yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no later than the accounting period beginning on or after 1 January 2018.

**Amendments:**

- IFRS 5 – Non-current assets held for sale 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.

***Functional and presentational currency***

Items included in the Historical Financial Information 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.

***Property, plant and equipment***

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

***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. Trade and other receivables are shown in the financial information as 'loans and receivables'.

*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 information as 'loans and receivables'.

### **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. Trade and other payables are shown in the financial information as 'other financial liabilities'

#### *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 it 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 nor the accounting profit.

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

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

Deferred tax assets and liabilities are offset when there 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.

### **Internally-generated development intangible assets**

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the intangible asset and use or sell it

- Its ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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 in which economic benefits from the lease asset are consumed.

### ***Employee benefit costs***

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

### ***Share-based payments***

Osirium issues equity-settled share-based payments to certain employees and others under which Osirium receives services as consideration for equity instruments (options) in Osirium. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is recognised as an expense in Osirium's Statement of Comprehensive Income over the vesting period on a

straight-line basis, based on Osirium's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation is adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

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

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

### ***Segment Reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is 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 Historical Financial Information 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 8) and share based payment charge (Note 21) respectively).

### ***Going concern***

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Going Concern and Liquidity Risk Guidance for UK Companies 2009".

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of this Historical Financial Information. 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 Historical Financial Information.

## **3. SEGMENT INFORMATION**

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.

#### 4. EMPLOYEES AND DIRECTORS

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
Wages & salaries	119,695	202,602	248,345
Social Security costs	14,155	23,762	28,372
Other Pension costs	7,311	3,768	10,090
Share Option charge	–	184,263	56,399
	<u>141,161</u>	<u>414,395</u>	<u>343,206</u>

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

<i>Year ended 31 October 2013</i>	<i>Year ended 31 October 2014</i>	<i>Year ended 31 October 2015</i>
7	9	11

#### **Key Management Personnel**

The directors of Osirium are considered to be the key management personnel.

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
Directors' remuneration	72,180	64,276	81,247
Directors' social security costs	8,295	6,974	8,101
Directors' pension costs	4,342	3,768	2,392
Directors' share option charge	–	172,516	9,797
Total key management personnel compensation	<u>84,817</u>	<u>247,534</u>	<u>101,537</u>

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

	<i>Year ended 31 October 2013</i>	<i>Year ended 31 October 2014</i>	<i>Year ended 31 October 2015</i>
Defined contribution schemes	–	2	2

## 5. EXPENSES BY NATURE

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
<b>Establishment Costs</b>			
Rent	35,276	39,284	35,007
Other establishment costs	1,266	1,186	1,556
Rates & water	11,476	11,696	10,331
Light & heat	4,825	4,688	4,420
	<u>52,843</u>	<u>56,854</u>	<u>51,314</u>
<b>Staff Costs</b>			
Directors' salaries	72,180	64,276	81,247
Directors' social security	8,295	6,974	8,101
Directors' pensions paid	4,342	3,768	2,392
Wages	47,515	138,326	167,098
Social Security	5,861	16,788	20,271
Pensions	2,969	–	7,698
Share option charge	–	184,263	56,399
	<u>141,162</u>	<u>414,395</u>	<u>343,206</u>
<b>Admin Costs</b>			
Telephone	1,292	2,196	2,120
Post & stationery	2,229	818	1,286
Advertising	50,489	58,232	90,379
Travelling	7,192	21,814	20,460
Motor expenses	10,567	13,993	9,903
Contractors	142,856	56,410	56,992
Licenses and insurance	4,239	3,734	7,201
Computer running costs	5,059	4,898	11,174
Household and cleaning	5,019	4,977	4,713
Functions	2,000	13,750	30,100
Sundry expenses	455	373	827
Recruitment	1,687	8,775	8,500
Accountancy	11,125	6,430	4,775
Professional fees	–	20,285	7,900
Legal fees	45,474	26,807	68,928
Depreciation of fixtures and fittings	5,126	5,957	6,025
Amortisation of development costs	307,558	381,238	406,842
Entertainment	2,020	2,661	3,928
	<u>604,387</u>	<u>633,348</u>	<u>742,053</u>
<b>Finance Costs</b>			
Bank charges	944	925	715
Total Administrative Costs	<u><u>799,336</u></u>	<u><u>1,105,522</u></u>	<u><u>1,137,288</u></u>

## 6. NET FINANCE COSTS

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
Finance Income:			
Deposit account interest	873	69	–
Other interest received	106	5,646	72
	<u>979</u>	<u>5,715</u>	<u>72</u>
Finance Costs:			
Loan	36,159	–	9,729
Interest payable	–	–	257
	<u>36,159</u>	<u>–</u>	<u>9,986</u>
Net finance cost/(income)	<u>35,180</u>	<u>(5,715)</u>	<u>9,914</u>

## 7. INCOME TAX

### **Analysis of tax income**

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
Current Tax:			
Tax	(48,438)	(95,816)	(120,430)
Adjustment for prior year tax	(109,778)	(38,763)	–
Total current tax	(158,216)	(134,579)	(120,430)
Deferred tax	20,511	466	(616)
Total tax credit in the statement of comprehensive income	<u>(137,705)</u>	<u>(134,113)</u>	<u>(121,046)</u>

Within the overall tax credit contained in the statement of comprehensive income there has been during the year to 31 October 2015 successful claims made to HM Revenue & Customs in connection with Research and Development tax credits being claimed for the current and previous years and an enhanced claim from October 2013.

### **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 entity as follows:

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
Loss before tax	(714,556)	(892,802)	(857,052)
Loss before tax multiplied by the applicable rate of corporation tax of 20%	(142,911)	(178,560)	(171,410)
Expenses not deductible for tax purposes	169	398	7,287
Unrelieved tax losses	142,742	178,164	164,123
R&D Tax credit relief	48,438	95,816	120,430
Deferred tax (Note 16)	(20,511)	(466)	616
Prior period R&D tax credits	109,778	38,763	–
Income Tax Credit	<u>137,705</u>	<u>134,113</u>	<u>121,046</u>



As at 31 October 2015 Osirium had unused tax losses of £1,194,557 (31 October 2014: £819,309 and 31 October 2013: £462,543) available to offset against future profits. No deferred tax asset has been recognised in respect of these losses as it is not considered probable that there will be future taxable profits available.

## 8. INTANGIBLE FIXED ASSETS

	<i>Development Costs</i>	<i>Total</i>
	£	£
<b>Cost or valuation:</b>		
At November 1 2012	1,127,648	1,127,648
Additions	410,144	410,144
	<hr/>	<hr/>
At 31 October 2013	1,537,792	1,537,792
Additions	368,394	368,394
	<hr/>	<hr/>
At 31 October 2014	1,906,186	1,906,186
Additions	404,385	404,385
	<hr/>	<hr/>
At 31 October 2015	2,310,571	2,310,571
<b>Amortisation:</b>		
At 1 November 2012	421,677	421,677
Charge for the year	307,558	307,558
	<hr/>	<hr/>
At 31 October 2013	729,235	729,235
Charge for the year	381,238	381,238
	<hr/>	<hr/>
At 31 October 2014	1,110,473	1,110,473
Charge for the year	406,842	406,842
	<hr/>	<hr/>
At 31 October 2015	1,517,315	1,517,315
<b>Carrying Amount</b>		
At 31 October 2013	808,557	808,557
	<hr/> <hr/>	<hr/> <hr/>
At 31 October 2014	795,713	795,713
	<hr/> <hr/>	<hr/> <hr/>
At 31 October 2015	793,256	793,256
	<hr/> <hr/>	<hr/> <hr/>

All development costs are amortised over their estimated useful lives, which is on average 5 years.

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.

## 9. PROPERTY, PLANT AND EQUIPMENT

	<i>Fixtures and Fittings</i> £	<i>Computer Equipment</i> £	<i>Total</i> £
<b>Cost</b>			
At 1 November 2012	2,820	17,305	20,125
Additions	180	2,473	2,653
At 1 November 2013	3,000	19,778	22,778
Additions	–	8,289	8,289
At 31 October 2014	3,000	28,067	31,067
Additions	–	2,944	2,944
At 31 October 2015	3,000	31,011	34,011
<b>Depreciation</b>			
At 1 November 2012	444	10,020	10,464
Charge for year	740	4,386	5,126
At 1 November 2013	1,184	14,406	15,590
Charge for year	694	5,263	5,957
At 31 October 2014	1,878	19,669	21,547
Charge for year	693	5,332	6,025
At 31 October 2015	2,571	25,001	27,572
<b>Net Book Value</b>			
At 31 October 2013	1,816	5,372	7,188
At 31 October 2014	1,122	8,398	9,520
At 31 October 2015	429	6,010	6,439

## 10. TRADE AND OTHER RECEIVABLES

	<i>Year ended 31 October 2013</i> £	<i>Year ended 31 October 2014</i> £	<i>Year ended 31 October 2015</i> £
Current:			
Trade receivables	–	69,705	10,121
Other receivables	48,433	134,579	120,430
VAT	16,675	–	4,444
Prepayments	12,073	14,325	19,652
	77,181	218,609	154,647

Trade receivables in 2014 21 per cent. is made up of the receivable from Caretower of £14,475 and 79 per cent. is made up of the receivable from Storm Technologies of £54,840. All of these invoices were invoiced in October 2014. However in 2015 the only trade receivable is from BAE Systems which makes up the total balance of £10,121. All of the 2015 trade receivable invoices were invoiced on or after 1 September 2015.

As at 31 October 2015 Osirium had no receivables past due but not impaired (31 October 2014: £nil, 31 October 2013: £nil).

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

## 11. CASH AND CASH EQUIVALENTS

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
Cash and cash equivalents	<u>32,165</u>	<u>50,621</u>	<u>273,486</u>

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

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

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
Loss before income tax	(714,556)	(892,802)	(857,052)
Depreciation charges	5,126	5,957	6,025
Amortisation charges	307,558	381,238	406,842
Share option charge	–	184,263	56,399
Finance costs	36,159	–	9,986
Finance income	(979)	(5,715)	(72)
	<u>(366,692)</u>	<u>(327,059)</u>	<u>(377,872)</u>
(Increase)/decrease in trade and other receivables	20,001	(55,282)	49,813
Increase/in trade and other payables	46,325	59,047	70,841
Cash generated from operations	<u>(300,366)</u>	<u>(323,294)</u>	<u>(257,218)</u>

## 13. TRADE AND OTHER PAYABLES

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
<b>Current</b>			
Trade payables	67,403	49,441	81,096
Amounts due to directors	–	8,919	1,087
Social security and other taxes	38,176	13,255	8,072
Other payables	2,548	4,710	8,370
Accruals and deferred income	127,033	195,197	266,416
VAT	–	22,685	–
	<u>235,160</u>	<u>294,207</u>	<u>365,041</u>

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.

## 14. FINANCIAL LIABILITIES – BORROWINGS

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
<b>Non-current</b>			
Schroder & Co Bank AG	789,049	298,738	–
Loan from Catherine Jamieson	–	25,000	–
Total non-current borrowings	<u>789,049</u>	<u>323,738</u>	<u>–</u>

There was a non-current loan with Schroder & Co Bank AG as at 31 October 2013 and 2014 (2015: £nil). The initial loan was £750,000, of this £483,761 was converted into 79,697 £0.01 Ordinary A shares at £6.07 per share on 31 October 2014 and the balance (including accrued interest) of £301,387 was converted into 56,299 £0.01 Ordinary shares at £5.36 per share on 6 February 2015. Interest was charged at the standard rate being 3 per cent.

The other non-current loan in 2014 was a loan from Catherine Jamieson, who is a consultant for Osirium and spouse of a Director, of £50,000. £25,000 of this was repaid on 27 March 2014. Interest was charged on the loan at a rate of 12 per cent. per annum. The remaining £25,000 and accrued interest was converted into 5,173 £0.01 Ordinary shares at £5.36 per share on 31 July 2015.

## 15. CALLED UP SHARE CAPITAL

### ***Allotted, issued and fully paid***

<i>Nominal Value £0.01 per share</i>	<i>Number</i>	<i>Ordinary £</i>	<i>Ordinary A £</i>	<i>Total £</i>
Share capital as at 1 November 2012	301,692	3,017	–	3,017
Share capital as at 1 November 2012	87,600	–	876	876
Share capital as at 1 November 2013		3,017	876	3,893
Additional shares issued at £6.07	185,959	–	1,860	1,860
Additional shares issued at £0.01	82,468	–	824	824
Share capital as at 1 November 2014		3,017	3,560	6,577
Conversion of A Ordinary Shares		3,560	(3,560)	–
Additional shares issued at £5.36	202,272	2,023	–	2,023
Additional shares issued at £0.01	231,387	2,314	–	2,314
Share capital as at 31 October 2015		<u>10,914</u>	<u>–</u>	<u>10,914</u>

### ***Year ended 31 October 2014***

In the year ended 31 October 2014 Osirium issued 185,959 Ordinary A shares of £0.01 for total consideration of £1,128,771, a premium of £6.06 per share. A further 82,468 Ordinary A shares of £0.01 were issued at par value of £0.01 for total consideration of £824.

### ***Year ended 31 October 2015***

In the year ended 31 October 2015 Osirium issued 202,272 Ordinary shares of £0.01 for total consideration of £1,084,178, a premium of £5.35 per share. A further 231,387 ordinary shares of £0.01 were issued at par value of £0.01 for a total consideration of £2,314.

## Share Premium

	£
Share premium as at 1 November 2012	1,854,093
Share issue	–
Share premium as at 1 November 2013	1,854,093
Share issue	1,126,912
Share premium as at 1 November 2014	2,981,005
Share issue	1,082,155
Share premium as at 31 October 2015	<u>4,063,160</u>

## 16. DEFERRED TAX

	<i>Year ended</i> <i>31 October</i> <i>2013</i> £	<i>Year ended</i> <i>31 October</i> <i>2014</i> £	<i>Year ended</i> <i>31 October</i> <i>2015</i> £
Balance at 1 November	142,927	163,438	163,904
Accelerated capital allowances	(494)	466	(616)
Intangible assets	21,005	–	–
Balance at 31 October	<u>163,438</u>	<u>163,904</u>	<u>163,288</u>

## 17. 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 in this Historical Financial Information.

### **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 .

### **Maturity of financial assets and liabilities**

As at 31 October 2013

	<i>Less than 1 month £</i>	<i>1 month to 1 year £</i>	<i>Greater than 1 year £</i>	<i>Total £</i>
<b>Financial Assets:</b>				
<b>Loans and receivables</b>				
Trade & other receivables	–	–	–	–
Cash and cash equivalents	32,165	–	–	32,165
Total	<u>32,165</u>	<u>–</u>	<u>–</u>	<u>32,165</u>
<b>Financial Liabilities:</b>				
<b>Financial liabilities amortised at cost</b>				
Trade & other payables	69,951	127,033	–	196,984
Borrowings	–	–	789,049	789,049
Total	<u>69,951</u>	<u>127,033</u>	<u>789,049</u>	<u>986,033</u>

As at 31 October 2014

	<i>Less than 1 month £</i>	<i>1 month to 1 year £</i>	<i>Greater than 1 year £</i>	<i>Total £</i>
<b>Financial Assets:</b>				
<b>Loans and receivables</b>				
Trade & other receivables	69,705	–	–	69,705
Cash and cash equivalents	50,621	–	–	50,621
Total	<u>120,326</u>	<u>–</u>	<u>–</u>	<u>120,326</u>
<b>Financial Liabilities:</b>				
<b>Financial liabilities amortised at cost</b>				
Trade & other payables	63,842	194,218	–	258,060
Borrowings	–	–	323,738	323,738
Total	<u>63,842</u>	<u>194,218</u>	<u>323,738</u>	<u>581,798</u>

As at 31 October 2015

	<i>Less than 1 month £</i>	<i>1 month to 1 year £</i>	<i>Greater than 1 year £</i>	<i>No stated maturity £</i>	<i>Total £</i>
<b>Financial Assets:</b>					
<b>Loans and receivables</b>					
Trade & other receivables	10,121	–	–	–	10,121
Cash and cash equivalents	273,487	–	–	–	273,487
Total	<u>283,608</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>283,608</u>
<b>Financial Liabilities:</b>					
<b>Financial liabilities amortised at cost</b>					
Trade & other payables	123,312	233,616	–	–	356,928
Borrowings	–	–	–	–	–
Total	<u>123,312</u>	<u>233,616</u>	<u>–</u>	<u>–</u>	<u>356,928</u>

## 18. 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).

On reviewing the capital structure, the cost of capital and risks associated with each class of capital is considered. The gearing ratio defined as the proportion of net debt to equity is calculated. The gearing ratios for the reporting periods are as follows:

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
Other Loans 1-2 years	–	298,738	–
Other Loans 2-5 years	789,049	25,000	–
Total Borrowings	<u>789,049</u>	<u>323,738</u>	<u>–</u>
Total Assets	<u>925,091</u>	<u>1,074,463</u>	<u>1,227,828</u>
Gearing	<u>85%</u>	<u>30%</u>	<u>0%</u>

## 19. RELATED PARTY DISCLOSURES

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

	<i>Year ended 31 October 2013 £</i>	<i>Year ended 31 October 2014 £</i>	<i>Year ended 31 October 2015 £</i>
K L Pearce	–	2,382	–
D A Guyatt	–	6,537	1,087
Total expenses claimed in the year were as follows:			
K L Pearce	6,965	6,802	9,046
D A Guyatt	5,119	16,065	7,189



J G Townsend, a director and shareholder in Chord Capital Limited, whom were owed £nil in 2015 (2014: £5,400 and 2013: £3,600) at the statement of financial position date in respect of monitoring fees, which were charged at £11,000 for the year. (2014: £18,000 & 2013: £32,375).

Directors' remuneration has been disclosed in Note 4.

In the year ended 31 October 2015 David Guyatt, a Director, purchased 9,329 Ordinary A shares of £0.01 and 9,329 Ordinary shares of £0.01 for total consideration of £100,002. A further 9,329 Ordinary A Shares and 3,731 Ordinary shares were issued at par value of £0.01 for total consideration of £131.

In the year ended 31 October 2015 Simon Lee, a Non-Executive Director purchased 18,656 Ordinary shares of £0.01 for total consideration of £99,996.

Catherine Jamieson, a consultant for Osirium and spouse of a Director, was paid £56,485 in 2015 in relation to consultancy fees (2014: £28,151 and 2013: £32,356). Amounts owed to Catherine Jamieson as at 31 October 2015 was £1,108 (31 October 2014: £2,800 and 31 October 2013: £2,500). The loan provided from Catherine Jamieson to Osirium and the conversion of this loan into shares is detailed in Note 14.

Tom Guyatt, an employee of Osirium and son of a Director was paid a gross salary of £43,565 in 2015 (2014: £29,175 and 2013: £9,775). Amounts owed to Tom Guyatt as at 31 October 2015 was £nil (31 October 2014: £nil and 31 October 2013: £nil).

## 20. OPERATING LEASES

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

	<i>Year ended</i> <i>31 October</i> <i>2013</i> £	<i>Year ended</i> <i>31 October</i> <i>2014</i> £	<i>Year ended</i> <i>31 October</i> <i>2015</i> £
Amounts due:			
Within one year	30,255	15,128	30,255
Between one and five years	47,904	32,776	2,521
After five years	–	–	–
	<u>78,159</u>	<u>47,904</u>	<u>32,776</u>

Operating lease payments represent rentals payable by Osirium for its office property. The lease is negotiated for an average term of 5 years and rental is fixed for an average of 5 years. There was a rent free period from 5 December 2014 to 4 June 2015.

## 21. SHARE OPTIONS

Osirium issues equity-settled share based payments to certain employees under which Osirium receives services as consideration for equity instruments (options) in Osirium. Options are exercisable at £2.50 and £3.50 per share.

Options of shares of Osirium of £0.01 each were granted as follows:

	<i>Year to</i> <i>31 October</i> <i>2013</i> No.	<i>Year to</i> <i>31 October</i> <i>2014</i> No.	<i>Year to</i> <i>31 October</i> <i>2015</i> No.
Options granted over Ordinary Shares of Osirium of £2.50 each and not lapsed or cancelled	–	69,341	–
Options granted over Ordinary Shares of Osirium of £3.50 each and not lapsed or cancelled	–	–	123,209
As at 31 October 2015	<u>–</u>	<u>69,341</u>	<u>123,209</u>

As at 31 October 2015 none of these options have been exercised.

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

	<i>Inputs used for the options granted in the year ended 31 October 2014</i>	<i>Inputs used for the options granted in the year ended 31 October 2015</i>
Weighted average share price	£2.50	£3.50
Weighted average exercise price	£6.07	£5.36
Expected volatility	40%	40%
Expected life	5 years	5 years
Risk-free rate	0.5%	0.5%
Expected dividend yields	0%	0%

Expected volatility was determined by calculating the historical volatility of similar companies share prices over the previous 45 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 non-transferability, exercise restrictions and behavioural considerations.

In 2015 the share based payment charge is £56,399 (2014: £184,263, 2013: £nil).

## **22. ULTIMATE CONTROLLING PARTY**

As at 31 October 2015, 2014 and 2013 Osirium had no ultimate controlling party.

## **23. SUBSEQUENT EVENTS**

On 6 April 2016, the entire issued share capital of Osirium was acquired by the Company by way of a share for share exchange.

## PART IV

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY STATEMENT

The Company and the Directors, whose names and functions are set out on page 4 of this document, accept responsibility, both individually and collectively, for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. THE COMPANY

- 2.1 The Company was incorporated in England and Wales under the Companies Act on 3 November 2015 with company number 9854713 as a private limited company under the name BM 205 Limited. On 24 December 2015 the Company changed its name to Osirium (Holdings) Limited, on 2 February 2016 the Company changed its name to Osirium Technologies Limited and on 6 April 2016 the Company was re-registered as a public limited company.
- 2.2 The Company's principal place of business is at 8 Brewery Court, Theale, Berkshire RG7 5AH and its registered office is at One Central Square, Cardiff CF10 1FS. The Company's website, which discloses the information required by Rule 26 of the AIM Rules for Companies, is [www.osirium.com](http://www.osirium.com). The Company's telephone number is +44 (0) 118 324 2444.
- 2.3 The principal activity of the Company is to act as a holding company. It acts as the holding company of Osirium, whose principal activities are described more fully in Part I of this document. Osirium is a wholly owned subsidiary of the Company incorporated in England and Wales. The Company has no other subsidiaries.
- 2.4 The Company has no administrative, management or supervisory bodies other than the Board, the Remuneration Committee and the Audit Committee.
- 2.5 The Company is governed by its Articles and the principal legislation under which the Company operates is the Companies Act and the regulations made thereunder.
- 2.6 The Company's auditor is RSM UK Audit LLP which is regulated to carry on audit work by the Institute of Chartered Accountants of Scotland.
- 2.7 The accounting reference date of the Company is 31 December.
- 2.8 The liability of the Shareholders is limited.
- 2.9 The Company is domiciled in England.

#### 3. SHARE CAPITAL OF THE COMPANY

- 3.1 The issued fully paid up share capital of the Company as at the date of this document and as it is expected to be immediately prior to, and immediately following, Admission, is as follows:

<i>Ordinary Shares</i>	<i>Aggregate nominal value</i>	<i>Number of Ordinary Shares</i>
Before the Placing	£65,482.02	6,548,202
Immediately prior to Admission (after issue of the EIS Shares)	£78,096.42	7,809,642
Immediately following Admission and issue of the VCT Shares and the Non-Eligible Shares	£103,943.55	10,394,355

- 3.2 The Company was incorporated with a share capital of £1 divided into 1 ordinary share of £1 fully paid up which was issued to David Guyatt (the "Subscriber Share").
- 3.3 By ordinary and special resolutions dated 6 April 2016:
- 3.3.1 the Subscriber Share was sub-divided into 100 Ordinary Shares;
  - 3.3.2 the Company adopted the New Share Option Scheme, further details of which are set out in paragraph 7 below;
  - 3.3.3 the entering into of the Share Exchange Agreement by the Company, and the purchase by the Company from the holders of shares in Osirium (including certain of the Directors and/or their connected persons) of their respective shares in Osirium in exchange for the issue of Ordinary Shares credited as fully paid in accordance with its terms, were approved;
  - 3.3.4 the Directors were authorised until 30 April 2016, to allot Ordinary Shares or grant rights to subscribe for or convert any security into Ordinary Shares up to an aggregate nominal amount of (a) £65,500 in connection with the Share Exchange Agreement; and (b) £11,200 in connection with the replacement of certain share options granted by Osirium under its then current share option scheme by the grant of new options under the New Share Option Scheme;
  - 3.3.5 the pre-emption rights of section 561(1) of the Companies Act (and any provision conferring pre-emption rights on shareholders in the Company's articles of association) were disapplied so that the Directors were authorised to allot equity securities for cash pursuant to the authority described in paragraph 3.3.4 above as if section 561 of the Companies Act (and any such pre-emption rights) did not apply to such allotments.
- 3.4 On 6 April 2016 an aggregate of 6,548,102 Ordinary Shares were allotted as consideration to the holders of shares in Osirium pursuant to the Share Exchange Agreement. Further details of the Share Exchange Agreement are contained in paragraph 12.4 of this Part IV.
- 3.5 By special resolutions dated 6 April 2016 the Company adopted the Articles and resolved to be re-registered as a public limited company under the name Osirium Technologies plc.
- 3.6 By ordinary and special resolutions dated 8 April 2016:
- 3.6.1 the Directors were authorised until 30 April 2016 to allot Ordinary Shares up to an aggregate nominal amount of £38,500 in connection with the Placing; and
  - 3.6.2 the Directors were generally authorised to allot:
    - 3.6.2.1 Ordinary Shares or grant rights to subscribe for or convert any security into Ordinary Shares under the terms of the New Share Option Scheme; and
    - 3.6.2.2 equity securities up to an aggregate nominal amount of £10,394.35, representing 10 per cent. of the Company's Enlarged Share Capital,such authority to expire at the Company's next annual general meeting or, if earlier, 15 months from the date of the resolution; and
  - 3.6.3 the pre-emption rights of section 561(1) of the Companies Act (and any provision conferring pre-emption rights on shareholders in the Company's articles of association) were disapplied so that the Directors were authorised to allot equity securities for cash pursuant to the authorities described in paragraphs 3.6.1 and 3.6.2 above as if section 561 of the Companies Act (and any such pre-emption rights) did not apply to such allotments.
- 3.7 The proposed issue of the New Shares will be carried out pursuant to the authorities referred to in paragraph 3.6 of this Part IV.
- 3.8 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.9 The Company has no authorised but unissued share capital and, except for the obligation to allot Ordinary Shares pursuant to the Placing, and the options referred to in paragraph 7 below, there are

no acquisition rights and/or obligations requiring share capital to be issued nor is there any undertaking to increase the share capital.

- 3.10 No Director or any member of his family or any person connected with him has a Related Financial Product (as defined in the AIM Rules) referenced to Ordinary Shares.
- 3.11 The number of Existing Ordinary Shares excluding the EIS Shares (“Pre Placing Ordinary Shares”) is 6,548,202. The Company will, pursuant to the Placing (and in accordance with the terms of the Placing Agreement):
- 3.11.1 allot and issue 1,261,440 EIS Shares on 14 April 2016, being the day before the expected date of Admission;
- 3.11.2 allot and issue 1,826,922 VCT Shares effective at 8.00 a.m. on 15 April 2016, conditionally upon Admission; and
- 3.11.3 allot 757,791 Non-Eligible Shares on 15 April 2016, conditionally on Admission with the issue of such shares shortly after Admission on 15 April 2016.

Accordingly, immediately following Admission and issue of the New Shares the issued share capital of the Company will increase to £103,943.55 divided into 10,394,355 Ordinary Shares.

- 3.12 The New Shares will, following allotment, rank *pari passu* in all respects with the Pre Placing Ordinary Shares including the right to receive all dividends and other distributions hereafter declared, paid or made on the share capital of the Company.
- 3.13 The holders of Pre Placing Ordinary Shares will be diluted by the issue of the New Shares. The effect of the issue of the New Shares will be that holders of Pre Placing Ordinary Shares at the date of this document will own approximately 63 per cent. of the Enlarged Share Capital and the New Shares will represent approximately 37 per cent. of the Enlarged Share Capital.
- 3.14 In addition, the Company has issued Options, details of which are set out in paragraph 7 of this Part IV.
- 3.15 Save as disclosed in this Part IV, as at the date of this document:
- 3.15.1 no shares in the capital of the Company or of any member of the Group is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
- 3.15.2 no shares in the capital of the Company have been issued, or are now proposed to be issued, otherwise than fully paid;
- 3.15.3 there are no shares in the capital of the Company which do not represent capital;
- 3.15.4 no person has any preferential subscription rights for any share capital of the Company;
- 3.15.5 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any shares in the capital of the Company;
- 3.15.6 the Company does not hold any of its own Ordinary Shares as treasury shares and no shares in the capital of the Company are held by or on behalf of the Company or by any subsidiary;
- 3.15.7 none of the Company’s subsidiaries hold any Ordinary Shares;
- 3.15.8 the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and
- 3.15.9 there are no acquisition rights or obligations over the unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.

#### **4. ARTICLES OF ASSOCIATION**

- 4.1 The intention of the Company is to carry on business as a holding company.
- 4.2 Pursuant to section 31 of the Companies Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by

law.

4.3 The Articles contain the following provisions:

4.3.1 *Limited liability*

The liability of the members of the Company is limited to the amount, if any, unpaid on the shares in the Company held by them.

4.3.2 *Share rights*

Subject to the provisions of the Companies Act and, where the context requires, every other statute from time to time in force concerning companies and affecting the Company (the "Companies Acts") and to any special rights for the time being attached to any existing shares:

- (a) any shares may be allotted or issued with such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise as the Company may by ordinary resolution determine or, in default of such determination, as the Board may determine; and
- (b) any share may be issued which is redeemable or, at the option of the Company or the shareholder, is liable to be redeemed.

4.3.3 *Voting rights*

Subject to the provisions of the Companies Acts, to any special terms as to voting on which any shares may have been issued and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting:

- (a) on a show of hands:
  - (i) every member who is present in person shall have one vote;
  - (ii) every proxy present shall have one vote, except that if the proxy has been duly appointed by more than one member entitled to vote on the resolution and is instructed by one or more of those members to vote for it and is instructed by one or more of those members to vote against it he shall have one vote for and one vote against the resolution; and
  - (iii) every corporate representative present who has been duly authorised by a corporation shall have the same voting rights that the corporation could exercise if it were an individual member; and
- (b) on a poll every member who is present in person or by proxy or representative shall have one vote for every share of which he is the holder.

In the case of joint holders, the vote of the person whose name stands first in the register of members and who votes in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.

Unless the Board otherwise determines, no member shall be entitled to vote at a general meeting either in person or (save as proxy for another member) by proxy unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) to the Company.

4.3.4 *Variation of rights*

- (a) The rights for the time being attached to any share or class of shares in the Company (whether or not the Company may be or is about to be wound up) may from time to time be varied or abrogated in accordance with the provisions set out in the Companies Acts. The Board may convene a meeting of the holders of any class of shares whenever it thinks fit and whether or not the business to be transacted involves a variation or abrogation of class rights.

- (b) Subject to the terms of issue of or the rights attached to any shares, the rights or privileges attached to any class of shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares or the sale of any shares held as treasury shares in accordance with the provisions of the Companies Acts and the Articles.

#### 4.3.5 *Transfer of shares*

All transfers of shares which are in certificated form may be effected by an instrument of transfer in any usual form or in any other form approved by the Board, and shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor will be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.

Any shares held in uncertificated form may be transferred or otherwise dealt with in accordance with the CREST Regulations.

The Board may, in its absolute discretion and without giving any reason, refuse to register the transfer of a certificated share which is not fully paid, provided that, in the case of a transfer of partly paid shares which have been admitted to trading on AIM, such refusal does not prevent dealings in such shares from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share (or renunciation of a renounceable letter of allotment) unless the transfer (i) is in respect of only one class of shares; (ii) is in favour of a single transferee or not more than four joint transferees; (iii) is duly stamped (if so required) and (iv) delivered for registration at the registered office of the Company (or such other place as the Board determines) accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution of the transfer.

In addition, the Board may refuse to register a transfer of uncertificated shares in such other circumstances as may be permitted or required by the CREST Regulations.

If the Board refuses to register a transfer, it shall send the transferee notice of its refusal within two months after the date on which the transfer was lodged with the Company or, in the case of a transfer of uncertificated shares, the appropriate instruction was received by or on behalf of the Company in accordance with the facilities and requirements of the relevant system established pursuant to the CREST Regulations.

No fee shall be charged for the registration of any transfer or other instrument relating to or affecting the title to any shares.

#### 4.3.6 *Dividends*

- (a) Subject to the provisions of the Companies Acts and the Articles, the Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on those shares and shall be apportioned and paid proportionately to the amounts paid up on such shares during any portion of the period in respect of which the dividend is paid.
- (b) Subject to the provisions of the Companies Acts, the Board may declare and pay such interim dividends as appears to the Board to be justified by the profits of the Company available for distribution.
- (c) The Board may, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to any holders



of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole or part of any dividend.

- (d) All dividends unclaimed for a period of 12 years or more after having been declared or become due for payment shall (if the Board so resolves) be forfeited and shall cease to remain owing by the Company.

#### 4.3.7 *Reduction and return of capital*

- (a) Subject to the provisions of the Companies Acts and to any rights for the time being attached to any shares, the Company may by special resolution reduce its share capital, any capital redemption reserve, share premium account or other undistributable reserve in any way.
- (b) On a return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after payment of its liabilities shall, subject to the rights of the holders of any other classes of shares, be applied to the holders of Ordinary Shares equally pro-rata to their holdings of Ordinary Shares.

#### 4.3.8 *Pre-emption*

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders. The Articles do not disapply these statutory pre-emption rights.

#### 4.3.9 *General meetings*

- (a) In each year, in addition to any other general meetings in that year, the Board shall convene and the Company shall hold an annual general meeting in accordance with the requirements of the Companies Acts at such time and place as the Board shall appoint. Subject to the provisions of the Companies Acts and the Articles, the Board may convene any other general meeting (in addition to the annual general meeting) at such time and place it thinks fit.
- (b) An annual general meeting shall be convened by not less than 21 clear days' notice. Subject to the provisions of the Companies Act, all other general meetings may be convened by not less than 14 clear days' notice.
- (c) The notice shall specify the place, day and time of the meeting and the general nature of the business to be transacted at the meeting. In the case of a meeting convened to pass a special resolution the notice shall specify the intention to propose the resolution as such and the text of the resolution. The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the directors and to the auditors. Subject to any exceptions prescribed by the Companies Acts, the accidental omission to give or send notice of any meeting, or to send any notification where required by the Companies Acts or the Articles in relation to the publication of a notice of meeting on a website, or, in cases where it is intended that it be sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non receipt of either by, any person entitled to receive the same shall not invalidate the proceedings at that meeting. Shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent.
- (d) The Board may direct such security arrangements or restrictions in relation to the general meeting as it considers appropriate in the circumstances. Such arrangements may include arrangements for members, their proxies and representatives (in the case of corporate members) entitled to attend the meeting to do so by attending at a place

or places other than the principal place of the meeting at which the chairman of the meeting is to preside, provided that persons attending at the different places are able to participate in the business of the meeting, and hear and see all persons who speak at such different places (whether by means of microphones, loudspeakers, audio-visual equipment or otherwise).

- (e) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Save as otherwise provided in the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.
- (f) The chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting to another time and place (or indefinitely). Whenever a meeting is adjourned for 30 days or more or indefinitely, at least seven clear days' notice must be given, and the notice must specify the place, day and time of the adjourned meeting and the general nature of the business to be transacted.
- (g) Each director shall be entitled to attend and speak at any general meeting. The chairman of the meeting may invite any person (whether a member or not) to attend and speak at that meeting where he considers that this will assist in the deliberations of the meeting.
- (h) A resolution put to a vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Companies Acts, a poll may be demanded by the chairman, at least three members having the right to vote on the resolution, or a member or members representing not less than 10 per cent. of the total voting rights of all the members having the right to vote on the resolution, or a member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right.

#### 4.3.10 *Untraced shareholders*

Subject to the provisions of the Articles, the Company shall be entitled to sell at the best price reasonably obtainable any share of a member, or any share to which a person is entitled by transmission, who has remained untraced for 12 years immediately prior to the date of the publication of an advertisement of an intention by the Company to make such a sale.

#### 4.3.11 *Requirement to disclose interest in shares*

If any member, or any other person appearing to be interested in shares held by such member, has been issued with a notice pursuant to section 793 of the Companies Act and has failed in relation to any shares (the "default shares") to give the Company the information required within the prescribed period from the service of the notice, the following sanctions shall apply unless the Board otherwise determines:

- (a) the member shall not be entitled in respect of the default shares to attend and vote either in person or by representative or by proxy at any general meeting of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (b) where the default shares represent at least 0.25 per cent. in nominal value of their class:
  - (i) any dividend or other money payable in respect of the default shares shall be withheld by the Company without any liability to pay interest on it and the member shall not be entitled to elect in the case of a scrip dividend to receive shares instead of the dividend; and

- (ii) subject as provided in the Articles and, in the case of shares held in uncertificated form, the CREST Regulations, no transfer of any shares held by the member shall be registered unless by way of an excepted transfer, which is a transfer (1) pursuant to acceptance of a takeover offer, or (2) in consequence of a sale made through a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded, or (3) by way of *bona fide* sale of the whole beneficial interest to an unconnected third party.

The above restrictions shall continue until either the default is remedied to the satisfaction of the Board or the shares are the subject of an excepted transfer (as described above). Any dividends withheld shall then become payable.

#### 4.3.12 *Lien*

- (a) The Company shall have a first and paramount lien on each of its shares which is not fully paid, for all amounts payable to the Company (whether presently or not) in respect of that share and to the extent and in the circumstances permitted by the Companies Acts. The Board may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from such lien provisions provided that in the case of shares admitted to the Official List of the UK Listing Authority or admitted to trading on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.
- (b) The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share, or to the person entitled to it by transmission, demanding payment and stating that if the notice is not complied with the share may be sold.

#### 4.3.13 *Call on shares*

Subject to the terms of allotment, the Board may from time to time make calls upon the members in respect of any amounts unpaid on their shares. Each member shall, subject to receiving at least 14 clear days' notice, pay to the Company the amount called on his shares. In the event of non-payment, interest shall be payable on the amount unpaid from the day it became due until paid.

#### 4.3.14 *Appointment of directors*

- (a) Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall be not less than two. Directors may be appointed by the Company by ordinary resolution or by the Board.
- (b) At each annual general meeting of the Company any director who has been appointed by the Board since the last annual general meeting, or who held office at the time of the two preceding annual general meetings and did not retire at either of them, shall retire from office and may offer himself for re-appointment by the members. A director who retires from office at an annual general meeting, if not re-appointed or deemed under the Articles to be re-appointed at the meeting, shall vacate office at its conclusion. No person other than a director retiring (whether required under the Articles or otherwise) shall be appointed a director at any general meetings unless (i) he is recommended by the Board; or (ii) not less than seven nor more than 28 clear days before the date appointed for the meeting, notice by a member qualified to vote at the meeting (not being the person to be proposed) has been received by the Company of the intention to propose that person for appointment stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors, together with notice executed by that person of his willingness to be appointed.

#### 4.3.15 *Removal of directors*

- (a) The Company may, by ordinary resolution, remove a director before the expiry of his period of office but without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company, and may by ordinary resolution appoint another person who is willing to act to be a director in his place. If the office of a director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the Board.
- (b) In addition, the office of a director shall be vacated if he becomes (*inter alia*) bankrupt, or prohibited by law from being a director, or all the other directors unanimously resolve that he be removed as a director.

#### 4.3.16 *Directors' fees and remuneration*

- (a) Directors are entitled to receive by way of fees for their services as directors such sum as the Board may from time to time determine (not exceeding £250,000 per annum (excluding any salary or remuneration payable to a director appointed to hold any employment or executive office) or such other sum as the Company by ordinary resolution shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board may determine or, in default of such determination, equally.
- (b) In addition, any director holding any employment or executive office, or who by arrangement with the Board performs any special duties or services outside his ordinary duties, shall be entitled to such salary or remuneration as may be determined by the Board, which may be of any description, including salary, commission and participation in profits.
- (c) Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as directors, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings of the Company.
- (d) The Company may also provide pensions or other retirement or superannuation benefits, death or disability benefits or other allowances and establish profit-sharing, share incentive, share purchase or employees' share scheme for the benefit of any person who is (or has at any time been) a director or employee of the Company or any member of its group and for any member of his family (including a spouse or former spouse) and any of his dependents. Any director or former director shall be entitled to receive and retain any pension or other benefit so provided.

#### 4.3.17 *Powers of the Board*

Subject to the provision of the Companies Acts, the Articles and to any directions given by special resolution of the Company, the business of the Company shall be managed by the Board which may exercise all the powers of the Company, whether relating to the management of the business of the Company or not and including without limitation the power to dispose of all or any part of the undertaking of the Company. No alteration of the Articles and no such direction given by the Company shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given. The Board may exercise the voting power conferred by the shares in any other company held or owned by the Company, or any power of appointment exercisable by the Company, in such manner in all respects as it thinks fit (including the exercise of the voting power or power of appointment in favour of the appointment of any director of the Company as a director or employee of such company or in favour of the payment of remuneration to the directors, officers or employees of such company).

#### 4.3.18 *Borrowing powers*

- (a) Subject to the Companies Acts, the Board may exercise all powers of the Company to borrow money, to issue any guarantee or indemnity, to mortgage or charge its

undertaking, property and assets (present or future) and uncalled capital and to create and issue debentures, loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party (“borrowings”).

- (b) The Board shall restrict the borrowings of the Company and, so far as possible, its subsidiary undertakings so as to secure that, save with the previous sanction of an ordinary resolution, no money shall be borrowed if the aggregate principal amount (including any premium payable on final repayment) outstanding of all borrowings by the Group (excluding intra-Group borrowings) then exceeds or would as a result of such borrowing exceed an amount equal to 3 times the aggregate of:
  - (i) the amount paid up or credited as paid up on the share capital of the Company; and
  - (ii) the total of the consolidated capital and revenue reserves of the Group but excluding sums set aside for taxation and amounts attributable to the outside shareholders in subsidiaries of the Company and deducting any debit balance on the combined profit and loss account,

all as shown in the then latest audited consolidated balance sheet of the Group, but adjusted as may be necessary in respect of any variation in the paid up share capital, share premium account or capital redemption reserve of the Company since the date of its latest audited balance sheet.

#### 4.3.19 *Alteration of capital*

The Company may from time to time by ordinary resolution or (where required under the Companies Acts or by the Articles) special resolution:

- (a) increase its share capital;
- (b) cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person;
- (c) consolidate and divide all or any of its issued share capital into shares of larger amount than its existing shares and sub divide its shares or any of them into shares of smaller amount;
- (d) reduce its share capital, any capital redemption reserve and any share premium account or other distributable reserve in any way; and
- (e) purchase its own shares (including any redeemable shares).

#### 4.3.20 *Directors' interests*

- (a) The Board may, subject to the procedural requirements set out in the Articles and on such terms and for such duration, and subject such limits or conditions, as it may decide, authorise any matter which would otherwise involve a director breaching his duty under the Companies Act to avoid conflicts of interest. The Board may vary the terms or duration of such an authorisation (including any limits or conditions imposed on it) or revoke it at any time.
- (b) Provided that he has disclosed to the Board the nature and the extent of his interest, a director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company or the Company's members for any additional remuneration, profit or other benefit realised or derived from:
  - (i) being a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is interested;
  - (ii) acting (otherwise than as auditor) alone or through his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a director; and

- (iii) being a director or other officer of, or employed by, or otherwise interested in, a body corporate in which the Company is interested or as regards which it has any power of appointment.

#### 4.3.21 *Directors' restriction on voting*

A director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board concerning any contract or other matter in which he has an interest, but in the absence of some other material interest this prohibition shall not apply to any resolution of the Board concerning any of the following matters:

- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings in respect of which he himself has given an indemnity or that he has guaranteed or secured in whole or in part;
- (c) the subscription by him of any shares, debentures or other securities of the Company or any of its subsidiaries issued or to be issued pursuant to any offer to members or debenture holders of the Company or to the public;
- (d) the director's interest arises by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (e) any transaction concerning any other company of which he owns less than one per cent. in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise;
- (f) any transaction concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme that relates both to directors and employees of the Company or of any of its subsidiaries and that does not accord to any director as such any privilege or advantage not generally accorded to the employees to whom such scheme or fund relates;
- (g) any transaction concerning any insurance which the Company is in accordance with the Articles, empowered to purchase and/or maintain for or for the benefit of directors;
- (h) any transaction involving the adoption of an arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the directors benefit in a similar manner to the employees and that does not accord to any director as such any privilege or advantage not generally accorded to the employees to whom such arrangement relates; and
- (i) any transaction involving the adoption or modification of any share option or share incentive scheme of the Company (save in relation to any matter concerning or directly affecting his own participation).

A director is entitled to vote on terms of appointment (including without limitation fixing or varying the terms of appointment) of any director other than his own.

#### 4.3.22 *Indemnity of officers and insurance*

- (a) Subject to the provisions of the Companies Acts and the Articles but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director, secretary or other officer (excluding an auditor) of the Company may at the discretion of the Board be indemnified by the Company against any liability incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office.
- (b) Subject to the provisions of the Companies Acts, the Board may purchase and maintain insurance at the expense of the Company for the benefit of any person who



is or was at any time a director or other officer (excluding the auditors) or employee of the Company or of any other company which is a subsidiary or subsidiary undertaking of the Company or in which the Company has an interest or who is or was at any time a trustee of any pension fund or employee benefits trust in which any employee of the Company or of any such other company or subsidiary undertaking is or has been interested indemnifying such person against any liability, loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done as a director, officer, employee or trustee.

## **5. OTHER REGULATORY MATTERS**

### **5.1 *Disclosure of interests in shares***

A shareholder in a public company incorporated in the UK whose shares are admitted to trading on AIM is required pursuant to Rule 5 of the Disclosure and Transparency Rules to notify the Company of the percentage of his voting rights if the percentage of voting rights which he holds as a shareholder or through his direct or indirect holding of financial instruments reaches, exceeds or falls below certain thresholds.

Pursuant to Part 22 of the Companies Act and the Articles, the Company is empowered by notice in writing to require any person whom the Company knows, or has reasonable cause to believe to be interested in, or, at any time during the three years immediately preceding the date on which the notice is issued, to have been so interested in, the Company's shares, within a reasonable time to disclose to the Company particulars of any interests, rights, agreements or arrangements affecting any of the shares held by that person or in which such other person as aforesaid is interested.

### **5.2 *Takeovers***

The Takeover Code applies to the Company. The Panel has statutory powers to enforce the Takeover Code in respect of companies whose shares are admitted to trading on AIM.

Under Rule 9 of the Takeover Code a person who acquires, whether by a single transaction or by a series of transactions over a period of time, shares which (taken with shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company is normally required to make a cash offer for all the outstanding shares of that company at not less than the highest price paid by him or them or any persons acting in concert during the offer period and in the 12 months prior to its commencement. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the company if the effect of such acquisition were to increase that person's percentage of the voting rights.

Pursuant to sections 979 to 982 of the Companies Act, where the offeror has by way of a takeover offer as defined in section 974 of the Companies Act acquired or unconditionally contracted to acquire not less than 90 per cent. in value of the shares to which an offer relates and where the shares to which the offer relates represent not less than 90 per cent. of the voting rights in the company to which the offer relates, the offeror may give a compulsory acquisition notice to the holder of any shares to which the offer relates which the offeror has not acquired or unconditionally contract to acquire, and which he wishes to acquire, to acquire those shares on the same terms as the general offer.

Pursuant to sections 983 and 985 of the Companies Act, where an offeror makes a takeover offer as defined by section 974 of the Companies Act and, by virtue of acceptances of the offer and any other acquisitions holds or has agreed to acquire not less than 90 per cent. of the shares in the target (or if the offer relates to a class of shares 90 per cent. of the shares in that class) and which carry not less than 90 per cent. of the voting rights in the target, then a minority shareholder who has not accepted the offer may require the offeror to acquire his shares in the target on the same terms as the general offer.



## 6. DIRECTORS' SHAREHOLDINGS AND OTHER INTERESTS

- 6.1 Details of the Directors and their functions in the Company are set out on page 4 of this document under the heading "Directors, Secretary and Advisers". Each of the Directors can be contacted at the principal place of business of the Company at 8 Brewery Court, Theale, Berkshire RG7 5AH.
- 6.2 The interests of the Directors and their immediate families (all of which are beneficial) in the share capital of the Company at the date of this document and immediately following Admission are as follows:

<i>Director</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Share Capital excluding the EIS Shares</i>	<i>Number of Ordinary Shares immediately following Admission</i>	<i>Percentage of Enlarged Share Capital</i>
Simon Lee	111,936	1.71	111,936	1.08
David Guyatt*	1,014,840	15.50	1,014,840	9.76
Rupert Hutton	–	–	–	–
Stephen Purdham	–	–	–	–
John Townsend	–	–	–	–

\* includes the beneficial interests in the Company's capital of Catherine Jamieson, Osirium's Chief Operating Officer. David and Catherine are married.

- 6.3 In addition to the interests disclosed in paragraph 6.2 above, the Company is aware of the following persons who will, immediately following Admission, hold, directly or indirectly, voting rights representing 3 per cent. or more of the Enlarged Share Capital of the Company to which voting rights are attached:

<i>Name</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Share Capital excluding the EIS Shares</i>	<i>Number of Ordinary Shares immediately following Admission</i>	<i>Percentage of Enlarged Share Capital</i>
Octopus Investments Limited	–	–	1,602,564	15.42
Henderson Global Investors Limited	–	–	1,282,051	12.33
Harwell Capital SPC – Osirium SP	1,224,078	18.69	1,224,078	11.78
Interogo Treasury AG (being the Seller) <sup>1</sup>	2,569,668	39.24	760,048	7.31
Hargreave Hale Limited	–	–	705,127	6.78
Unicorn AIM VCT Limited	–	–	641,025	6.17
Kevin Lee Pearce	331,500	5.06	331,500	3.19
Herald Investment Management Limited	–	–	320,512	3.08

<sup>1</sup> Chord Capital Limited acts as discretionary fund manager in respect of this holding.

- 6.4 So far as the Directors are aware, save as disclosed in paragraphs 6.2 and 6.3 above, there are no persons who, immediately following the Placing, will, directly or indirectly, be interested in 3 per cent. or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 6.5 The Ordinary Shares held by the Shareholders set out in paragraphs 6.2 and 6.3 above rank *pari passu* with all other existing Ordinary Shares and, in particular, have no different voting rights to other existing Shareholders. Neither the Directors nor any major Shareholders have different voting rights to other Shareholders.
- 6.6 The Directors who have been granted Options (as described in paragraph 7 below) are listed in paragraph 7.13 below.

- 6.7 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by the Directors to or for the benefit of the Company.
- 6.8 Save as otherwise disclosed in this document, none of the Directors or any members of their respective families, or any person connected with the Directors (within the meaning of section 252 of the Companies Act) has any holding, whether beneficial or otherwise, in the share capital of the Company or any of its subsidiaries.
- 6.9 In addition to being directors of the Company, the Directors hold or have held directorships of the companies and/or are or were partners of the partnerships specified opposite their respective names below within the five years prior to the date of this document:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Simon Lee	Advent Underwriting Limited Osirium Limited Hospice In The Weald Hospice In The Weald (Trading) Limited Brit Syndicates Limited Digital Globe Services Ltd PolishRe SA Thor Holding A/S TIA Technology A/S Andrews Lee Property, <i>a partnership</i>	RSA Insurance Group PLC Royal & Sun Alliance Insurance PLC The Marine Insurance Company Limited Sun Insurance Office Limited Royal & Sun Alliance Reinsurance Limited R&SA Global Network Limited RSA Northern Ireland Insurance Limited Royal & Sun Alliance Insurance Company of Canada RSA Insurance Ireland Limited Codan A/S Codan Forsikring A/S Ascentus Insurance Limited Canadian Northern Shield Insurance Company GCAN Insurance Company Quebec Assurance Company Roins Financial Services Limited The Johnson Corporation Trygg-Hansa Försäkringsaktiebolag Unifund Assurance Company Western Assurance Company Europa General Underwriters (N.I.) Ltd
David Guyatt	Fieldsmartr Limited Osirium Limited	Menbus Limited PUBS4U Limited Extend Technologies Limited Textanywhere Limited
Rupert Hutton	Osirium Limited	Digital Warrant Systems Limited Keyedin Solutions Holdings Limited <i>(formerly Atlantic Global Plc)</i> Keyedin Solutions Limited Keyedin Limited
Stephen Purdham	Assistage Limited 3Rings Care Limited Surfcasa Limited	Blinkbox Music Limited
John Townsend	Osirium Limited Chord Capital Limited Metalysis Limited Silver Lining Solutions Limited Cascade Generics Limited Clicksco Jersey Limited	Prosurgics Limited Atraverda Limited Freehand Surgical Public Limited Company

- 6.10 Save as disclosed in paragraphs 6.11, 6.12 and 6.13 below, as at the date of this document, no Director has:
- (a) any unspent convictions in relation to indictable offences;
  - (b) been declared bankrupt or been subject to any individual voluntary arrangement;
  - (c) been a director of any company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company;
  - (d) been a partner in any partnership which has been placed in compulsory liquidation, administration or partnership voluntary arrangement whilst he was a partner of that partnership or within 12 months after he ceased to be a partner in that partnership;
  - (e) been the owner of any asset or been a partner in any partnership which had an asset placed in receivership whilst he was a partner of that partnership or within the 12 months after he ceased to be a partner of that partnership; or
  - (f) been subject to any public criticisms by any statutory or regulatory authorities (including recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 6.11 Extend Technologies Limited entered into administration in September 2009 and moved into a creditors' voluntary liquidation in 2010, when David Guyatt was a non-executive director of that company. The company was dissolved in July 2011 with a deficit of approximately £425,000 for unsecured creditors, having sold its business and certain assets and paid in full all secured creditors.
- 6.12 Steve Purdham was a director of Status Visual Communication Limited from July 1995 to July 1996. In January 1997 (and within 12 months after the date on which he ceased to be a director) the company entered into a creditors' voluntary liquidation.
- 6.13 John Townsend is a co-owner of Chord Capital Limited ("Chord Capital"), which manages investment funds for its clients, targeting a portfolio of investments in technology businesses across a range of industries. Investment generally results in a significant shareholding interest and the appointment by it of a non-executive director to the board. The following companies in which Chord Capital has invested have entered into an insolvency process whilst John Townsend was appointed as Chord Capital's representative non-executive director:

<i>Name</i>	<i>Insolvency process</i>
Whatrate.com Limited	Entered into a creditors' voluntary liquidation in November 2002
Clinical Diagnostic Chemicals Limited	Entered into administration in January 2007
Prosurgics Limited	Entered into administration in December 2010
Freehand Surgical Public Limited Company	Entered into administration in December 2010
Atraverda Limited	Entered into administration in December 2012

## **7. NEW SHARE OPTION SCHEME**

### **7.1 Overview**

- 7.1.1 On 6 April 2016 the Company adopted the New Share Option Scheme to incentivise certain of its employees and directors.
- 7.1.2 The New Share Option Scheme provides for the grant of both tax-approved Enterprise Management Incentives ("EMI") options and unapproved options.
- 7.1.3 On 6 April 2016, pursuant to separate agreements with the holders of Original Options as referred to below and in order to maintain their existing share option rights, the Company granted options ("Exchange Options") under the New Share Option Scheme over an

aggregate of 1,113,300 Ordinary Shares to certain of the Group's Directors and employees as set out in paragraph 7.13 below, representing approximately 9.7 per cent. of the Enlarged Share Capital on a fully diluted basis. The Exchange Options, which replaced options ("Original Options") held previously by such persons over shares in the capital of Osirium, are exercisable at, subject to HMRC confirmation, 58.33 pence or 41.67 pence per share (corresponding to the respective exercise prices at which the Original Options were granted) and are subject to exercise conditions (if any) and other terms corresponding to those which applied to the Original Options which they replaced.

7.1.4 The Company intends to grant further options ("New Options") under the New Share Option Scheme in respect of up to 1,150,765 Ordinary Shares to the Group's employees and directors, representing 10 per cent. of the Enlarged Share Capital on a fully diluted basis assuming exercise in full of the Exchange Options. The New Options will be subject to exercise conditions as summarised below.

7.1.5 The principal features of the New Share Option Scheme which will, unless otherwise stated apply to both the Exchange Options and the New Options (together the "Options"), are outlined below. The Exchange Options will remain subject to terms corresponding to those which applied to the Original Options which they replaced, which terms will, in the event of any inconsistency with the New Share Option Scheme rules, prevail.

## 7.2 **Administration**

The New Share Option Scheme will be administered in accordance with its rules. The Board has constituted the Remuneration Committee to approve option grants and to determine applicable performance targets.

## 7.3 **Participation and grant of Options**

7.3.1 The Remuneration Committee may grant Options to any employee and director of the Group and to such other persons as may be nominated for option grants. In the case of tax-approved EMI options, full-time working requirements must be met which means that the employee must be required to work 25 hours a week or, if less, 75 per cent. of the employee's working time. Employees who have a material interest in the Company also cannot be granted EMI options. A material interest is either beneficial ownership of, or the ability to control directly or indirectly, more than 30 per cent. of the ordinary share capital of the Company.

7.3.2 The first grant of New Options can be made within 42 days following the adoption of the New Share Option Scheme. Thereafter, New Options may be granted within 42 days following the announcement of the Company's interim or final results for any period or the issue by the Company of any prospectus, listing particulars or other document containing equivalent information relating to the Company's shares. In exceptional circumstances, New Options may be granted at other times.

7.3.3 No consideration will be payable for the grant of a New Option.

## 7.4 **Exercise price**

The Remuneration Committee determines the exercise price of New Options before they are granted. The exercise price will be no less than 187.2 pence representing 120 per cent. of the Placing Price.

## 7.5 **Exercise and lapse of Options**

### 7.5.1 *Vesting*

- (a) New Options can only be exercised on dates determined by the Remuneration Committee at grant, but no earlier than the third anniversary of the date of grant. They will be exercisable on condition that the Group's consolidated revenue as stated in its audited accounts for the financial year ending 31 December 2019 is no less than £12,000,000 and subject to such other performance conditions as the Remuneration Committee may impose at grant.

- (b) The last date for exercise of an Option will be the day before the tenth anniversary of its grant.
- (c) Each Option is personal to the Option holder and any transfer of, or the creation of any charge, pledge or other encumbrance over, the Option will cause it to lapse.

#### 7.5.2 *Cessation of employment*

- (a) In the case of death, an Option holder's personal representatives may exercise his Option within 12 months after the date of death and the Remuneration Committee may waive any performance targets that must be met for the Option to become exercisable.
- (b) If an Option holder ceases to be a Group employee by reason of retirement, ill health, injury, disability or redundancy, the Remuneration Committee is entitled to determine that Options may remain exercisable for a period of 90 days and may waive any performance targets that must be met for the Option to become exercisable.
- (c) In all other circumstances, an Option holder will normally forfeit his unexercised Options on ceasing to qualify for option grant.

#### 7.5.3 *Takeovers, etc.*

- (a) In the event of a takeover, scheme of arrangement, change of control or voluntary winding up of the Company, Options become, to the extent that in the case of the New Options any performance targets have been met (or waived by the Remuneration Committee), immediately exercisable.
- (b) If the Options are not exercised within an appropriate period, generally 90 days, of the relevant event, they lapse. There is a provision allowing for the roll-over of Options provided that, in the case of EMI options, such new options continue to meet EMI qualifying conditions.

### 7.6 **Rights attaching to Ordinary Shares**

Ordinary Shares issued on the exercise of an Option will rank *pari passu* with the Ordinary Shares then in issue (except in respect of entitlements arising prior to the date of the allotment). The Company will apply to the London Stock Exchange for the newly issued Ordinary Shares to be admitted to trading on AIM.

### 7.7 **Plan limits**

7.7.1 The number of new Ordinary Shares that may be issued or are issuable pursuant to the exercise of the New Options and any other options (excluding the Exchange Options) granted, or awards made, under all of the discretionary share option plans operated by the Company, may not, in any ten year period, exceed 10 per cent. of the Company's issued share capital from time to time (or such higher amount as the Company's shareholders may by ordinary resolution approve).

7.7.2 Ordinary Shares transferred from treasury to satisfy Options will count as newly issued shares for these purposes.

7.7.3 Options which have lapsed or been surrendered will not count towards these dilution limits.

### 7.8 **Variation of share capital**

In the event of any variation of share capital by way of capitalisation, rights issue, consolidation, sub-division or reduction of share capital or other variation, the number of Ordinary Shares comprised in subsisting Options and the exercise price may be adjusted by the Board in such manner as is certified by the Company's auditors to be fair and reasonable in their opinion and with effect from such date as the Board may determine to be appropriate. Where an Option has been exercised before the variation of share capital the number of shares which may be issued or transferred to an Option holder pursuant to that exercise may be adjusted in such manner as the Board deems appropriate.

## 7.9 **Pension status**

None of the benefits which may be received under the New Share Option Scheme will be taken into account when determining any pension or similar entitlements.

## 7.10 **Tax**

Where a tax liability arises on the exercise of an Option, the Company may make deductions from payments due to the Option holder to meet such liability. If such payments are insufficient, the Option holder must pay the Company the balance of the liability before Ordinary Shares are issued to him. Alternatively, the Company may sell as many of the Option holder's Ordinary Shares as are necessary to cover the liability. The Option holder may be required to bear the cost of any secondary National Insurance Contributions.

## 7.11 **Amendment**

The Remuneration Committee may make amendments to the rules of the New Share Option Scheme. However, no deletion, amendment or addition may be made to the advantage of Option holders except with the prior approval of the Company in general meeting unless the deletion, amendment or addition is (a) of a minor nature to benefit the administration of the Plan; or (b) to take account of any changes in legislation; or (c) to obtain or maintain favourable taxation, exchange control or regulatory treatment for the Company or any Option holder.

## 7.12 **Termination**

No Options may be granted under the New Share Option Scheme after the tenth anniversary of its adoption.

## 7.13 **Exchange Options granted to Directors and senior employees**

The following Directors and employees have been granted the Exchange Options:

<i>Option holder</i>	<i>Position</i>	<i>Number of Ordinary Shares subject to the Exchange Option</i>	<i>Exercise price per share</i>
David Guyatt	CEO	410,100	58.33 pence
		176,316	41.67 pence
Kevin Pearce	Chief Technical Officer	209,154	58.33 pence
		89,730	41.67 pence
Simon Lee	Chairman	120,000	58.33 pence
Shaun Barlow	Sales Manager	78,000	41.67 pence
Martin Chapman	Senior Software Engineer	30,000	41.67 pence

The exercise price of the Exchange Options is subject to HMRC confirmation and adjustment if required to ensure that the Exchange Options are treated for tax purposes as an exchange of the Original Options and not a grant of New Options.

## **8. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT**

### 8.1 **Simon Lee**

Mr Lee has entered into a letter of appointment with the Company dated 8 April 2016 for his appointment as a non-executive director and Chairman effective from Admission. The appointment is terminable by either party giving three months' notice and summarily by the Company in certain limited circumstances. The letter provides for a director's fee of £50,000 per annum to commence on the first anniversary of Admission (and with no payment due before then).

### 8.2 **David Guyatt**

Mr Guyatt has entered into a service agreement with the Company (which replaces any existing service agreement with Osirium) dated 8 April 2016 for his appointment as full time Chief Executive Officer. The appointment is terminable on 12 months' notice given by either party, save in cases of summary dismissal by the Company. Mr Guyatt's annual salary is £120,000 plus a variable bonus, depending on performance targets, of up to £120,000 per annum and he is entitled to the following



additional benefits: life assurance, 25 days' holiday and sick pay of up to 13 weeks' full pay in any rolling 52 week period. Mr Guyatt has given certain non-compete and non-solicitation undertakings in respect of the period of 12 months post termination.

### 8.3 **Rupert Hutton**

Mr Hutton has entered into a service agreement with the Company dated 8 April 2016 for his appointment as part time Finance Director working 2 days a week. The appointment is terminable on three months' notice given by either party, save in cases of summary dismissal by the Company. Mr Hutton's annual salary is £40,000 (increasing for any additional days worked) plus a variable bonus, depending on performance targets, of up to £10,000 per annum and he is entitled to the following additional benefits: life assurance, 10 days' holiday (plus a *pro rata* entitlement to public holidays) and sick pay of up to 13 weeks' full pay in any rolling 52 week period. Mr Hutton has given certain non-compete and non-solicitation undertakings in respect of the period of six months post termination.

### 8.4 **Stephen Purdham**

Mr Purdham has entered into a letter of appointment with the Company dated 8 April 2016 for his appointment as a non-executive director effective from Admission. The appointment is terminable by either party giving three months' notice and summarily by the Company in certain limited circumstances. The letter provides for a director's fee of £20,000 per annum.

### 8.5 **John Townsend**

Mr Townsend has entered into a letter of appointment with the Company dated 8 April 2016 for his appointment as a non-executive director effective from Admission. The appointment is terminable by either party giving three months' notice and summarily by the Company in certain limited circumstances. The letter provides for a director's fee of £20,000 per annum.

8.6 The aggregate remuneration and directors' fees paid or payable by any company in the Group to the Directors or in respect of their services during the financial period of 12 months ended 31 October 2015 was £85,000. The aggregate estimated remuneration (excluding any performance bonuses) and directors' fees paid or payable to the Directors by any company in the Group for the current financial period of 14 months ending 31 December 2016 under the arrangements in force at Admission is expected to amount to £244,000.

8.7 Save as disclosed above, there are no existing or proposed service contracts between any Director and the Company or any other company in the Group and there are no existing or proposed service contracts between any Director and the Company or any company in the Group.

8.8 Save as disclosed in this paragraph 8, no Director has a service agreement with the Company that has been entered into or varied within six months prior to the date of this document or which is a contract which expires or which cannot be determined by the Company without payment of compensation (other than statutory compensation) after more than one year.

8.9 Save for any benefits due during the notice period under the relevant agreement with the Director referred to above and for any payments on termination in lieu of notice, no benefits upon termination are payable by the Company or any company in the Group to any Director.

## 9. **SIGNIFICANT INVESTMENTS**

Save as disclosed in this document, there have been no significant investments by the Company or any of its subsidiaries since 31 October 2015 (being the date to which the financial information set out in Part III of this document has been drawn up).

## 10. **EMPLOYEES**

10.1 Save for the Directors, the Company has no employees.

10.2 Osirium employed on average 11 people during the financial year ended 31 October 2015, 9 people during the financial year ended 31 October 2014 and 7 people during the financial year ended 31 October 2013.

10.3 As at 7 April 2016, Osirium had 15 employees as follows:

<i>Activity</i>	<i>No. of employees</i>
Software Engineering/Development	11
Sales	3
Marketing	1

10.4 In addition, Osirium has engaged consultants principally for product development and sales, including two members of the senior management team one of whom will, with effect from Admission, become a full-time employee.

## **11. TAXATION**

The comments in this paragraph 11 are intended as a general guide for UK resident Shareholders as to their tax position under United Kingdom law and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and domiciled for tax purposes in the UK (except in so far as express reference is made to the treatments of non-UK residents) who will hold Ordinary Shares as an investment and will be the absolute beneficial owners of them.

Non-UK resident and non-UK domiciled shareholders should consult their own tax advisers.

The position of Shareholders who are officers or employees of the Company is not considered in this paragraph 11; such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this paragraph 11.

The tax position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this paragraph 11. Any shareholder who has any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.

### **11.1 Taxation of chargeable gains**

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Ordinary Shares may, depending on the circumstances of the relevant shareholder give rise to a liability to UK taxation on chargeable gains. Shareholders will normally be subject to UK taxation of chargeable gains, unless such holders are not resident in the UK.

#### *Individuals – Current Position*

Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption and after taking account of any capital losses available to the individual.

For individuals, capital gains tax will be charged at 18 per cent. where the individual's income and gains are less than the upper limit of the income tax basic rate band. To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 28 per cent.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 28 per cent.



### *Individuals – Post-April 2016*

The Government announced on 16 March 2016 that, from 6 April 2016, the capital gains tax rates will be reduced to 10 per cent. where the individual's income and gains are less than the upper limit of the income tax basic rate band and 20 per cent. to the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate.

### *Companies*

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

## **11.2 Taxation of dividends**

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company.

### *Individuals – Current Position*

Individual Shareholders receiving a dividend from the Company currently receive a notional tax credit in respect of the dividend of an amount equal to one-ninth of the amount of the net dividend (which is 10 per cent. of the sum of the dividend and the tax credit). The liability to United Kingdom income tax is calculated on the gross dividend income (i.e. the net dividend received plus the notional 10 per cent. tax credit).

Individual Shareholders whose income is within the starting and basic rate tax bands will be subject to dividend income tax at the rate of 10 per cent., so that (after taking into account the notional 10 per cent. credit) such Shareholders will have no further liability to income tax on that dividend income.

Individual Shareholders who are subject to the higher rate of income tax will be subject to dividend income tax at 32.5 per cent. After allowing for the 10 per cent. notional tax credit, a higher rate taxpayer suffers an effective rate of 25 per cent. on the net dividend received.

Individual Shareholders who are subject to the additional rate of income tax will be subject to dividend income tax at 37.5 per cent. After allowing for the 10 per cent. notional tax credit, an additional rate taxpayer suffers an effective rate of 30.6 per cent. on the net dividend received.

Dividends payable to trustees and personal representatives of deceased persons will be subject to dividend income tax at 37.5 per cent.

Shareholders who are not liable to income tax on the dividend income (or any part of it) may not claim payment of the tax credit (or any part of it).

### *Individuals – Post-April 2016*

On 9 December 2015, the UK Government published draft legislation to reform the taxation of dividends for UK resident individuals in accordance with a proposal announced in July 2015. Under this draft legislation, the tax credit which would otherwise attach to dividends paid by the Company will be abolished generally and replaced for UK resident individuals by a dividend allowance from 6 April 2016. The Budget announced by the Government on 16 March 2016 did not change the position.

The draft legislation provides that there will be no income tax payable in respect of the first £5,000 of cash dividend income received (although such income would still count towards the basic, higher and additional rate thresholds). For dividends received above £5,000, the cash dividend received will be taxable at 7.5 per cent., 32.5 per cent. and 38.1 per cent. for basic rate, higher rate and additional rate taxpayers, respectively. UK resident Shareholders should therefore seek the appropriate advice on how these legislative reforms may impact their tax affairs and should note that the current draft legislation may be amended or withdrawn prior to becoming law. These changes are not expected

to change the principle that dividend income is treated as the top slice of a shareholder's total income for UK income tax purposes.

#### *Companies*

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will generally be subject to tax on dividends from the Company under the Distribution Exemption rules. The exemption is only available if certain conditions are met (including an anti-avoidance condition).

Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met.

To the extent that dividends are not exempt, they will be subject to corporation tax. The current maximum rate of U.K. corporation tax is 20 per cent. This rate is due to fall to 19 per cent. and then 17 per cent. with effect from April 2017 and 2020, respectively.

UK resident shareholders (including authorised unit trusts and open ended investment companies) and pension funds are not entitled to claim payment of the tax credit (or any part of it).

### 11.3 **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

The following comments are intended as a general guide to the UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules may apply.

No stamp duty or SDRT will should generally be payable on the issue of shares. Nor should there be any liability to stamp duty/SDRT on subsequent transactions involving shares admitted to trading on AIM, since the abolition of such tax on transfers post April 2014.

### 11.4 **Summary**

The above is a summary of certain aspects of current law and practice in the UK. A Shareholder who is in any doubt as to his or her tax position and/or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.

## 12. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into in the two years preceding the date of this document by any member of the Group and are, or may be, material to the Company or have been entered into by any member of the Group and contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this document:

### 12.1 **Placing Agreement**

On 8 April 2016, the Company, the Directors, the Seller, Chord Capital Limited and Panmure Gordon entered into the Placing Agreement the principal terms of which are:

- (a) the Company appoints Panmure Gordon as its agent and Panmure Gordon agrees to use its reasonable endeavours to procure subscribers for the Placing Shares and purchasers for the Sale Shares, in each case at the Placing Price;
- (b) the obligations of Panmure Gordon are conditional, *inter alia*, upon:
  - (i) the Placing Shares being admitted as participating securities within CREST on or prior to Admission; and
  - (ii) Admission occurring not later than 8.00 a.m. on 15 April 2016 or such later time and/or date, being no later than 8.00 a.m. on 30 April 2016, as the Company may agree with Panmure Gordon;
- (c) subject to Admission the Company shall pay to Panmure Gordon: (A) a corporate finance fee of £250,000; and (B) commission at the rate of up to 4 per cent. of the amount raised under the Placing of the New Shares (before expenses) plus VAT;

- (d) subject to Admission the Seller shall pay to Panmure Gordon commission at the rate of 4 per cent. of the amount raised under the Placing of the Sale Shares (before expenses) plus VAT;
- (e) subject to certain conditions, the Company shall pay all the costs and expenses (including any applicable VAT) of and incidental to the Placing of the New Shares including the fees and costs of legal advisers incurred by Panmure Gordon and printing, filing and distribution charges;
- (f) the Company, the Directors and the Seller have each given warranties in favour of Panmure Gordon. The liability of the Directors and the Seller is limited in terms of the amount of the liability and period for claims, save in certain limited circumstances;
- (g) in addition, the Company has given Panmure Gordon, its affiliates and their respective directors, officers, employees and agents an indemnity relating to certain losses and liabilities which may be incurred by such persons in connection with the Placing or Admission and/or the performance by Panmure Gordon of its obligations and services under the Placing Agreement;
- (h) Panmure Gordon has the right to terminate the Placing Agreement prior to Admission in certain circumstances, including:
  - (i) in the event of certain force majeure events or other events involving material adverse changes relating to the Group; and
  - (ii) in the event of a material breach by the Company or the Directors or the Seller of their respective obligations, warranties or undertakings under the Placing Agreement.

## 12.2 **Lock-in Deed**

On 8 April 2016, the Lock In Shareholders entered into a lock in deed with the Company and Panmure Gordon under which the Lock In Shareholders have undertaken with Panmure Gordon and the Company (subject to certain exceptions) not to dispose of any interest in any of their Ordinary Shares until the first anniversary of Admission. The Lock In Shareholders have further undertaken to observe certain orderly market restrictions with respect to the disposal of such Ordinary Shares in the period of 12 months following the first anniversary of Admission.

## 12.3 **Nominated Adviser and Broker Agreement**

On 8 April 2016, the Company and Panmure Gordon entered into an agreement pursuant to which Panmure Gordon has agreed to act as nominated adviser and broker to the Company following Admission as required by the AIM Rules. Panmure Gordon will, *inter alia*, assist the Company in complying with the AIM Rules for Companies. The Company has agreed to pay Panmure Gordon an annual fee (subject to increase) of £60,000 excluding VAT as well as reasonable out of pocket expenses. The agreement is renewable annually subject to termination at any time on 3 months' notice given by either Panmure Gordon or the Company. The agreement also contains an indemnity given by the Company to Panmure Gordon in relation to the provision by Panmure Gordon of its services under the agreement.

## 12.4 **Share Exchange Agreement**

Pursuant to a share exchange agreement dated 6 April 2016 and made between the Company and the holders of shares in Osirium (the "Sellers"), the Sellers agreed to sell and the Company agreed to purchase the entire issued share capital of Osirium in consideration of the issue to the Sellers of an aggregate of 6,548,102 Ordinary Shares credited as fully paid.

## 12.5 **VCT assurance letters**

In connection with the Placing of Ordinary Shares to VCTs the Company has by letters dated on or about 7 April 2016 addressed to *inter alia* Unicorn AIM VCT plc, Octopus AIM VCT plc, Octopus AIM VCT 2 plc and Unicorn AIM VCT plc and their respective fund managers provided customary assurances as to amounts of relevant state funding and on-going obligations with a view to ensuring that such VCT investment continues to remain a qualifying holding.

### 13. RELATED PARTY TRANSACTIONS

Save for the transactions described in the agreements referred to in paragraphs 12.1 to 12.4 of this Part IV and as disclosed in note 19 to the Historical Financial Information set out in Section B of Part III of this document, during the period of two years immediately preceding the date of this document, no company in the Group has entered into any related party transactions.

### 14. WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry and after taking into account the net proceeds of the Placing receivable by the Company, the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

### 15. LITIGATION

No member of the Group is or has been engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which have had or may have a significant effect on the Company's financial position or profitability during the twelve months preceding the date of this document and, so far as the Directors are aware, there are no such proceedings pending or threatened by or against any member of the Group.

### 16. NO SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION

Save as otherwise disclosed in this document, there has been no significant change in the financial or trading position of the Company or Osirium since 31 October 2015, being the date to which the financial information set out in Part III of this document was prepared.

### 17. INTELLECTUAL PROPERTY

17.1 Osirium is the registered proprietor of the following trademarks and has applied for registration of the following patents:

#### *Trademarks*

<i>Territory</i>	<i>Trademark No.</i>	<i>Trademark text</i>
UK	UK0002517583A	Osirium, OSIRIUM, osirium
UK	UK0002517583B	OSIRIUM Secure Manage Simplify
UK	UK00002614196	SysAdminAssist
UK	UK00002629852	FuzzyDNS

#### *Patents*

<i>Territory</i>	<i>Application No.</i>	<i>Publication No.</i>	<i>Title</i>	<i>File date</i>
UK	GB 1600449.1	Pending	Password Maintenance in Computer Networks	11 January 2016
UK	GB 1600448.3	Pending	Controlling Access to Remote Devices	11 January 2016
UK	GB1600447.5	Pending	Password Recovery	11 January 2016

17.2 The Group's cyber security products, further details of which are set out in Part I of this document, comprise in-house developed software together with software licensed from third parties as well as free and open source software from a number of different sources.

17.3 Save as set out in paragraphs 17.1 and 17.2 above, or as otherwise disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Group's business and the Group is not dependent on patents or licences, industrial, commercial or financial contracts or any new manufacturing processes which are material to the Group's business or profitability.

## **18. PROPERTY, PLANT AND EQUIPMENT**

- 18.1 The Group occupies offices at Unit 8 Brewery Court, High Street, Theale, Berkshire RG7 5AH under a full repairing and insuring lease for a term expiring on 4 December 2016 at an annual rent of £36,306 per annum. The Group does not own or occupy any other property.
- 18.2 The Company is not aware of any environmental issues or risks affecting the utilisation of the Group's tangible fixed assets or its operations.

## **19. CONSENTS**

- 19.1 Panmure Gordon, which is authorised and regulated by the Prudential Regulation Authority and the FCA, has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear. Panmure Gordon may be said to have an indirect material economic interest which may be dependent on the success of the Placing by virtue of its interest in fees payable by the Company under the Placing Agreement.
- 19.2 The reporting accountants, RSM Corporate Finance LLP, have given and not withdrawn their written consent to the issue of this document with the inclusion in it of their report contained in Part III of this document, in the form and context in which it is included.

## **20. FINANCIAL INFORMATION**

The Group's auditor is RSM UK Audit LLP whose registered office is 6th Floor, 25 Farringdon Street, London EC4A 4AB. Osirium's statutory accounts for the three year financial period ended 31 October 2015 were exempt from audit.

## **21. EXPENSES AND NET PROCEEDS**

- 21.1 The total costs and expenses payable by the Company in connection with the Admission (including professional fees, commissions, the costs of printing and registrars fees) are estimated to amount to approximately £0.9 million excluding VAT.
- 21.2 The total net proceeds receivable by the Company in connection with the Placing of the New Shares are estimated to be approximately £5.1 million.

## **22. MISCELLANEOUS**

- 22.1 Save as otherwise disclosed in this document, there have been no significant authorised or contracted capital commitments of the Company at the date of publication of this document.
- 22.2 No environmental issues have arisen in the past 12 months which would have had a significant effect on the Company's financial position or profitability.
- 22.3 Except for the advisers named on page 4 of this document and trade suppliers, no person has received, directly or indirectly, from the Company within the twelve months preceding the date of this document, or entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission, any of the following:
- 22.3.1 fees totaling either £10,000 or more;
  - 22.3.2 securities in the Company with a value of either £10,000 or more calculated by reference to the expected price of an Ordinary Share at Admission; or
  - 22.3.3 any other benefit with a value of either £10,000 or more or more at the date of Admission.
- 22.4 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

- 22.5 Ordinary Shares are allotted and issued in registered form under the laws of England and Wales and their currency is Pound Sterling. No admission to listing or trading of the Ordinary Shares is being sought on any stock exchange other than AIM. The Ordinary Shares are capable of being transferred by means of the CREST system in certificated and uncertificated form.
- 22.6 It is expected that in respect of uncertificated Ordinary Shares, Shareholders' CREST accounts will be credited as applicable on the date of Admission or, in the case of the EIS Shares, on the day before the expected date of Admission. Share certificates (where applicable) will be despatched by first class post within 14 days of the date of Admission.
- 22.7 The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to Directors' and applicable employees' dealings in Ordinary Shares and, to this end, the Board has adopted an appropriate Share Dealing Code.
- 22.8 Save as disclosed in Part I of this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 22.9 The arrangements for payment of the Placing Shares are set out in the placing letters referred to in the Placing Agreement. All monies received from applicants will be held by Panmure Gordon prior to delivery of the Ordinary Shares. If any application is unsuccessful or scaled down, any monies returned will be sent by cheque crossed "A/C Payee" in favour of the first named applicant. Any monies returned will be sent by first class post at the risk of the addressee within three days of the completion of the Placing.
- 22.10 The Placing Price of 156 pence per Ordinary Share represents a premium of 155 pence over the nominal value of £0.01 per Ordinary Share.
- 22.11 There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.
- 22.12 Save as disclosed in this document, the Directors are unaware of:
- 22.12.1 any significant trends in production, sales and inventory and costs and selling prices from 31 October 2015 (being the date to which the financial information set out in Part III of this document was prepared) to the date of this document; and
  - 22.12.2 any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.
- 22.13 The Company has made statements in Parts I and II of this document regarding the Company's competitive position on the basis of the status of the Company's technology and products and its relationships as at the date of this document.
- 22.14 There are no mandatory takeover bids outstanding in respect of the Company and no public takeover bids have been made by third parties either in the last financial year or the current financial year of the Company.
- 22.15 There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

### **23. AVAILABILITY OF ADMISSION DOCUMENT**

Copies of this document will be available from the offices of Panmure Gordon, One New Change, London EC4M 9AF during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of one month from the date of Admission. A copy of this document is also available for download at the Company's website at [www.osirium.com](http://www.osirium.com).

8 April 2016

