REPORTS AND ACCOUNTS

Annual Report 2022

OSIRIUM

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FY22 was a significant year of operational and financial progress for Osirium.

— David Guyatt, Executive Chairman

About Osirium Technologies PLC

Osirium Technologies plc (AIM: OSI) is a leading UK-based cybersecurity software vendor delivering Privileged Access Management (PAM), Privileged Endpoint Management (PEM) and Osirium Automation solutions that are uniquely simple to deploy and maintain.

With privileged credentials involved in over 80% of security breaches, customers rely on Osirium PAM's innovative technology to secure their critical infrastructure by controlling 3rd party access, protecting against insider threats, and demonstrating rigorous compliance. Osirium Automation delivers time and cost savings by automating complex, multi-system processes securely, allowing them to be delegated to Help Desk engineers or end-users freeing specialist IT resources. The Osirium PEM solution balances security and productivity by removing risky local administrator rights from users while at the same time allowing escalated privileges for specific applications.

Founded in 2008 with its headquarters in Reading, UK, the Group was admitted to trading on AIM in April 2016. For further information, please visit www.osirium.com.

Part 1

Strategic Report

Osirium Technologies plc

("Osirium", the "Group" or the "Company")

Final Results

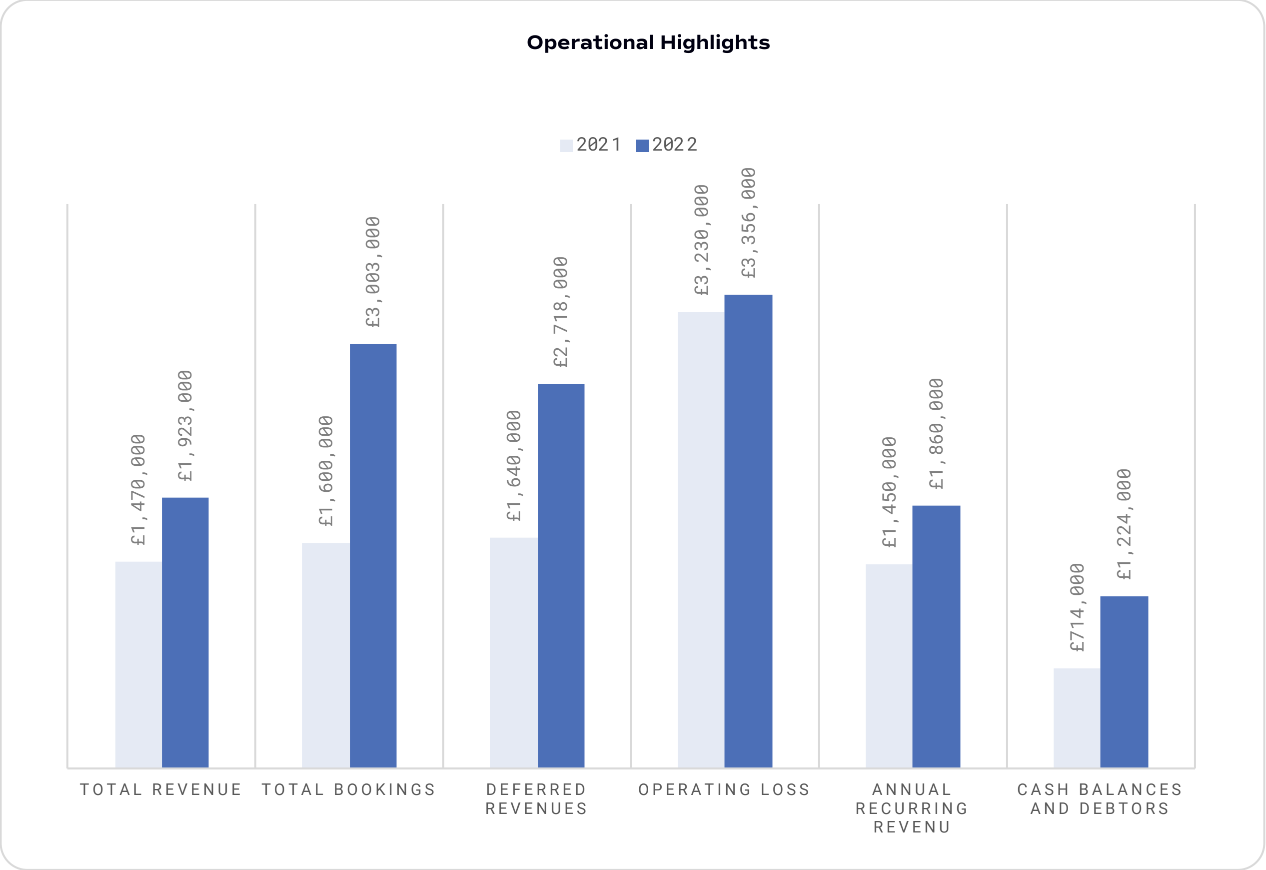
Osirium Technologies plc (AIM: OSI), a leading vendor of cloud-based cybersecurity and IT automation software, announces its final results for the year ended 31 December 2022.

Financial highlights

- Total bookings up 87% at £3.00 million (2021: £1.61 million) reflecting the success of the Group's continued customer acquisition strategy, alongside larger average contract values
- Annual Recurring Revenue (ARR) for SaaS contracts up 28% to £1.86 million (2021: £1.45 million)
- Total recognised revenue up 31% at £1.92 million (2021: £1.47 million)
- Deferred revenue up 66% to £2.72 million (2021 £1.64 million)
- Operating loss of £3.36 million (2021: £3.23 million)
- Cash balances and debtors at 31 December 2022 of £1.22 million (31 December 2021: £0.71 million), and cash and debtors at 28 February 2023 of £0.70 million

Operational highlights

- Customer base increased by 46%, representing further opportunity for up-selling and cross-selling through the pursuit of the Group's proven land-and-expand strategy.
- Over 70% existing customers increased their range of services or number of licenses from us during the financial year
- Average initial contract value for new customers increased by 93% over the course of the year as the Group focuses on larger and multi-year deals.



- Customer renewal rate continued to be strong at 96% (2021:95%)
- New customers signed across a range of sectors and geographies including notable wins in higher education, healthcare and financial services and the Group's first contract signed in the US
- Privileged Process Automation ("PPA") and Privileged Endpoint Management ("PEM") now contributing materially to bookings growth alongside Privileged Access Management ("PAM"), with the first standalone deals for both PPA and PEM being signed in the year
- Continued innovation in the Group's product suite to ensure Osirium's products deliver tangible return on investment for customers

Post-period highlights

- Bookings and pipeline growth momentum continues in Q1 2023 as customer purchasing patterns normalise post-pandemic
- Maintained strong customer acquisition into the new year, with continued strong prospects across the Group's target sectors, and Q1 2023 new deals signed in the year to date
- Market awareness and demand remains strong across the Group's product suite, including PPA and PEM, reinforced by increasing recommendations for privileged security protection by governing bodies and heightened cybersecurity insurance requirements
- The Group's transition to a partner first strategy is enabling swifter pace of customer acquisition and access into new sectors and geographies

Stuart McGregor, CEO of Osirium, commented:

"It has been another year of significant progress for Osirium in which we have achieved record levels in bookings and revenue and further grown our customer base while also taking significant steps to reach cash breakeven and beyond.

"The market demand for privileged security continues to strengthen, with businesses recognising privileged security as an essential component of cybersecurity despite turbulent macroeconomic conditions. This is reflected in the healthy levels of product and license expansion from existing customers in 2022, reinforced by the emergence of PPA and PEM as standalone products during the period.

"We have started the new year with a refocused sales strategy and a partner first sales approach, through which we expect to see garner increased interest across a wider range of sectors and geographies. As privileged security continues to rise up the agenda of IT professionals globally, we are excited for the future and the continued growth of the business."

Privileged Access Security

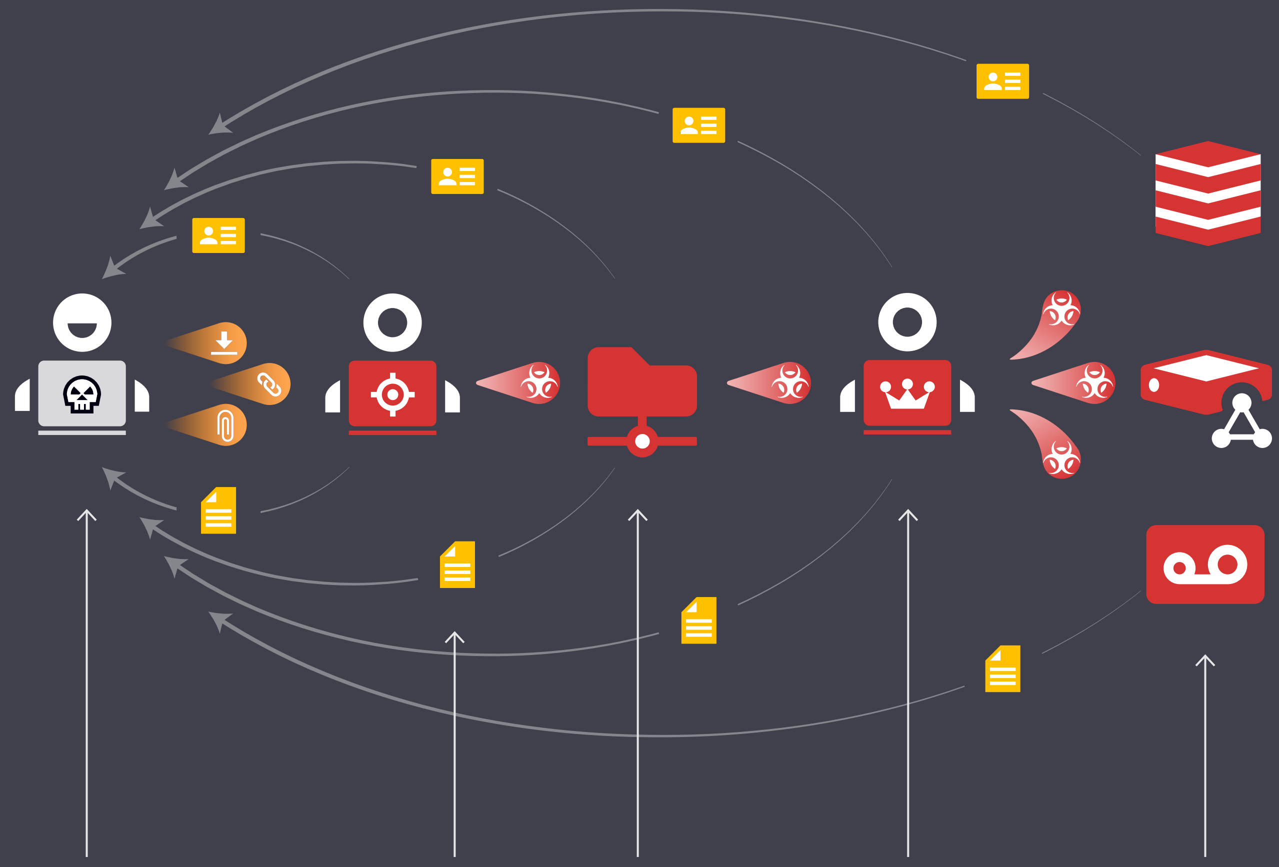
We make it easy for organisations to protect their most valuable IT systems and automate IT operations.

Osirium and What We Do: Protecting IT Systems

Every IT system – ERP, CRM, e-commerce, HR, Finance, network devices, cloud services … the list is endless – depend on management or administrator accounts. Indeed, all cybersecurity tools, which play a critical role in protecting IT systems, also have these administrator accounts.

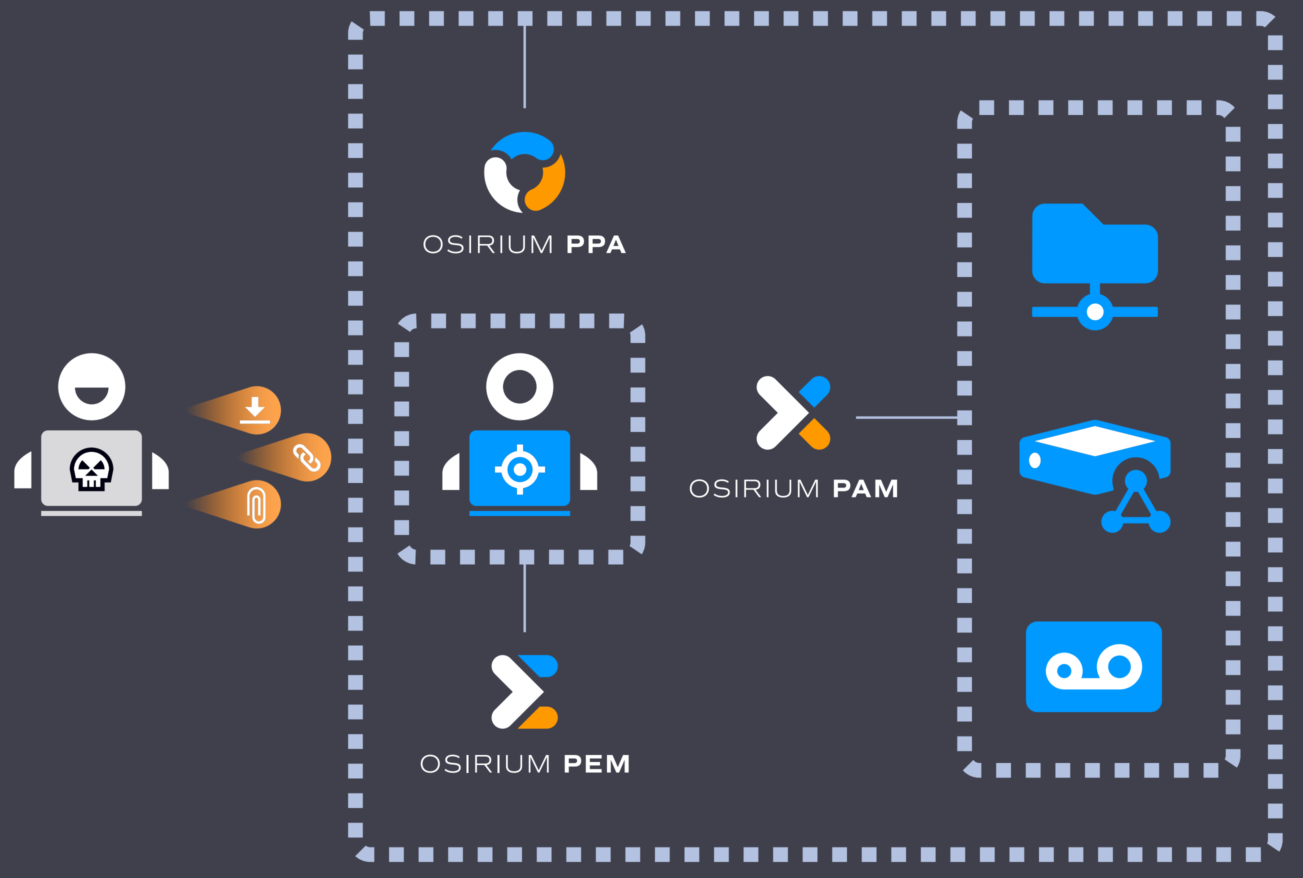
Administrator accounts have access to the most valuable data. They also have the power to change system configuration, so these credentials are the "golden ticket" attackers desire.

Osirium Privileged Access Security reduces the risk of attacks entering the business, protects shared IT systems, and prevents privileged access abuse.



How Osirium Protects IT Systems

Osirium Privileged Access Security provides multi-tiered defence against ransomware and malware attacks.



Osirium PAM

Privileged Access Management (PAM) protects the shared services, systems, and devices at the heart of every IT organisation. At its core, PAM separates users from the valuable administrator usernames and passwords on those systems. It can monitor and record admin sessions making it ideal for controlling access by suppliers and remote workers.

Osirium PEM

PAM defends backend systems while Privileged Endpoint Management (PEM) protects the entry point for most attacks: user workstations. PEM lets IT remove risky local admin accounts without affecting how the users do their work. When malware can't be installed, it can't go on to infect corporate systems.

Osirium PPA

The best protection against attacks or accidental misuse of privileged access is to automate the work done while using privileged access. Privileged Process Automation (PPA) is a flexible, lightweight automation framework that is built with the starting point of secure connections to IT systems. Users can only perform the tasks they should, and policies are always enforced, and end-to-end audit trails are maintained.

Osirium Innovation

David Guyatt and Kev Pearce founded Osirium in 2008. Both had outstanding track records in creating and growing successful cybersecurity software businesses and had recognised the opportunity within the privileged access space

Following two years of product development, the business secured its first customer in 2010. Further investment followed as the Business built-out the product and acquired more customers

Growth accelerated in 2016 following Osirium's lising on AIM (the UK's secondary stock market), which provided increased capital for product development and market development

The business has continued to expand and today employs 48 staff, with an experienced management team and a growing international customer base and partner network.

In 2023, David Guyatt moved to Executive Chairman, with Stuart McGregor taking on the CEO role.

Innovation timeline

2016
- AIM listing

2017
- Gartner "Cool Vendor" award for "Privileged Task Automation"

2018
- First customer the Middle East

2019
- Osirium Automation (PPA) beta release for first customer
- PAM available in AWS
- 50 customers
- First customer in North America

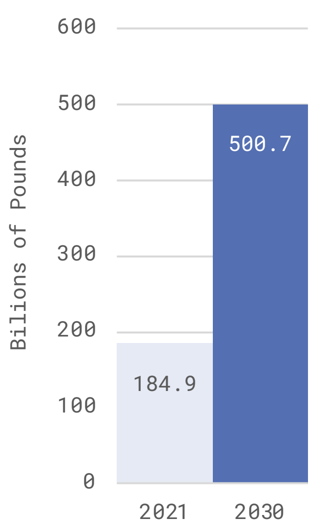
2020
- Osirium PEM beta release for first customer
- Osirium PPA launched
- First customer in south-east Asia

2021
- Doubled customer numbers
- Osirium PEM launched
- 21 new NHS customers added in Q1

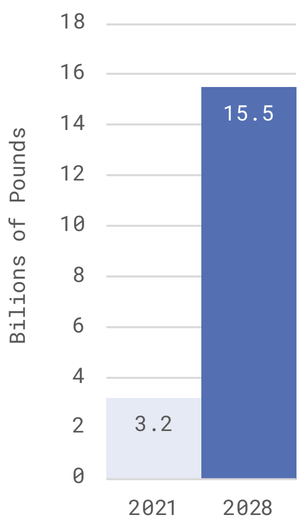
2022
- First customer with three products
- First USA customer
- PAM Version 8 released
- Largest customer extends engagement

The Need for Privileged Access Security

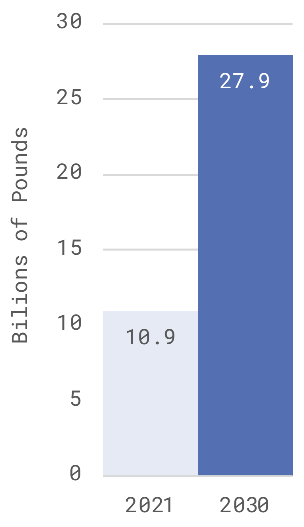
Cyber Security Market Size[1]



PAM Market Size[2]



Intelligent Process Automation Market Size[3]



$3.86

million, the average cost of a data breach[4]

74%

Organisations say data breaches are result of third-party over-privilege[6]

69%

Organisations don't invest sufficiently against ransomware[5]

77%

Growth in UK cyber attacks in 2022[7]

Notes

(1) Source: Million Insights Cyber Security Market Size, Share & Trends Analysis Report Nov 2022

(2) Source: Flair Insights Global Privileged Identity Management Market, May 2022

(3) Acumen Intelligent Market Size 2022-2030, June 2022

(4) Ponemon, cost of data breaches report, 2020

(5) Osirium Ransomware Index, September 2021

(6) Ponemon/Securelink, A crisis in third-party remote access, 2021

(7) Check Point research, https://blog.checkpoint.com/2023/01/05/38-increase-in-2022-global-cyberattacks/

Chairman and Chief Executive's Statement

Stuart McGregor
Chief Executive Officer

David Guyatt
Executive Chairman

Overview

FY22 was a significant year of operational and financial progress for Osirium as it achieved strategic milestones that enabled the Group to further establish itself as a leading mid-market provider of privileged security. The Group reports its greatest full year bookings total of £3.0 million, with revenue and deferred revenue also at record levels.

A particular highlight of FY22 is that Osirium increased its new customer average initial contract value by 93% over the course of the year. At a time when businesses are paying closer attention to costs, we believe this demonstrates the increasing priority organisations are placing on securing their IT infrastructure. This growth came alongside the continued expansion of Osirium's customer base which drove a 28% increase in Group Annual Recurring Revenue ("ARR") to £1.86 million, enhancing the Group's forward visibility.

With our three products forming the foundations of our privileged security suite, we continue to focus our product development efforts on strengthening our rapid deployment, ease of management, simplicity of use, and patentable innovation.

We have observed a considerable growth in demand for our Privileged Process Automation ("PPA") and Privileged Endpoint Management ("PEM") products, in the form of both standalone sales to new customers and as add-ons to existing Privileged Access Management ("PAM") contracts. The Group achieved two key milestones this year with our first customer using all three products and our first customer joining the platform with a PEM-only contract, demonstrating the growing strength of each product offering on a standalone basis.

FY22 saw our shift to a channel-first focused sales strategy, with our easy to use and rapidly deployable solutions proving highly marketable and popular with our channel sales partners. This growing sales channel has been an enabler, opening doors and winning contracts for us in new geographies, with our first contract wins in the US a particular highlight.

Driving our progress is a market increasingly in demand for privileged security solutions. As geopolitical instability and the further spread of malware has increased the threats businesses are facing, these cyberattacks have not targeted only one sector; we are aware of a growing trend towards more targeted attacks on small to medium size businesses.

We successfully completed two fundraises in the year and with Stuart McGregor appointed as our new Chief Executive Officer on 1 January 2023, the Group is focused on managing costs and building on the momentum seen in the past 12 months to capitalise on the clear market opportunity and reduce the timeframe to breakeven. We are focused on our goal of achieving cashflow breakeven by H2 2024 and have now implemented all the cost savings identified at the time of December's fundraise.

The significant operational and financial progress made during 2022 means the Group is now positioned more competitively to target new customer wins and expansions with existing customers and we would like to thank all of our staff for their hard work during the year to help achieve this.

Results

The Group's total bookings and revenue for the period was £3.0 million (2021: £1.61 million) and £1.92 million (2021: £1.47 million) respectively, in line with its recently upgraded market expectations. Deferred revenue as at 31 December 2022 was £2.72 million. Osirium's ARR for December 2022 was £1.86 million, up 28% over the prior year (December 2021: £1.45 million).

Cash balances as at 31 December 2022 was £1.08 million. The Group's loss before tax for the period was £3.59 million (2021: £3.43 million).

Osirium continues to invest in R&D for direct staff and contractor costs, spending £1.96 million (2021: £1.85 million) in 2022 across direct staff and contractor costs for research and development.

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This expenditure covers enhancements to Osirium's product suite across a range of projects, including to its user experience and security. The Group continues to invest in R&D with a view to ensuring its products remain a highly secure and compelling offering for customers.

Business model

Osirium's revenue model is built around its software subscriptions, with its licensing models adapted to best suit regional and customer needs. We frequently hear throughout the sales cycle that this simple licencing model is reassuring to prospects, who are often overwhelmed or confused when purchasing IT software and this acts as a key differentiator between us and other players in the market.

The Group's PAM product is charged per device being protected, whereas the PPA product is charged per user and number of transactions when integrated with a customers' infrastructure, and our PEM product charged is per protected endpoint. Osirium's service revenue comes both from new customers setting out on their initial Osirium deployments and existing customers growing and expanding their use of its software solutions. From the end of 2021 and throughout 2022, the Group saw increasing automation add-on sales to its PAM customers, and this progress has been seen with its PEM product as well.

The Group's innovative sales packages of software subscriptions, production support and implementation services in Osirium's PAM and PPA solutions have continued to provide a means of targeting sector-specific opportunities into 2022, particularly within healthcare and education. These packages enable new customers to acquire Osirium PAM or PPA for a small team, establishing a base for future add-on sales and license expansions.

Our marketing strategy in 2023 will continue to focus on digital and in-person marketing to drive up the volume and quality of new customer leads. There will be an increased focus on joint marketing activities with sales partners, reinforcing the "channel-first" approach.

Market - giving customers confidence in their IT

The market for privileged security has continued to mature, in line with the increasing awareness of and requirement for these services globally. In the US and UK particularly, corporate cyber insurance policies increasingly demand privileged access security within a cybersecurity stack as a prerequisite before any insurance policy is brokered with an organisation. For cyber insurance customers, strong privileged access security is also a means to reduce increasing costs of coverage. As a result, privileged security is increasingly rising to the top of the priority list for IT professionals. In July 2022, a new PAM contract was announced, worth c. £140,000 for a three-year subscription to provide protection for 1,000 devices at a UK university. The University selected our PAM solution to address requirements for improved security for IT system access, as this was a key requirement of its cybersecurity insurance provider.

Market indications are that hybrid or fully remote working is now a permanent change for most organisations. As the transition of IT systems to the cloud continues and the advent of the 'modern desktop' forces a need for on-premise and remote privileged security, our PAM, PPA and PEM products remain key aspects of a modern cybersecurity in view of the aforementioned insurance requirements.

Ransomware continues to be the predominant threat for IT departments. A 2022 joint report co-authored by the National Cyber Security Centre suggests ransomware is the largest cyber threat facing the United Kingdom, with businesses of all sizes across the globe being targeted as threat actors shift their focus away from high-value organisations and those which provide critical services.

Growth strategy

The Group's growth strategy is centred around these core differentiators: innovation, customer focus and market expansion

Commitment to innovation - unlocking incremental value creation

The Group continues to make investments into its product suite as part of its strategy, ensuring its offerings remain a cutting-edge option for organisations looking to address their Privileged Access Security needs. Our overarching ambition is to produce best in class, easy to use products, that clearly differentiate us from competitors and are quick to deploy at scale.

We saw an increase in the number of contract wins or extensions where PPA and PEM products were bought alongside PAM, with our innovations in our product suite resulting in increased spend from existing customers.

10% of our customers now have more than one Osirium product under contract and this year saw our first customer win where the PPA order was significantly larger than the PAM element. As reported in March 2022, this contract with the Midlands and Lancashire Commissioning Support Unit, an NHS customer, reflected our increasing success in marketing our PPA and PEM solutions as primary or standalone products. We also saw our first standalone PEM contract win with a global imaging brand, highlighting the increasing interest in our products both individually or as part of a wider package.

An additional core focus during the period has been improvements to PPA, the Group's platform for automating essential IT processes. We have expanded on the work done in FY21 this year by developing our Automation playbooks, so they are now able to enforce Multi Factor Authentication (MFA) around steps within a task. Tasks can now be delegated to select users as well as groups, further improving flexibility of secure deployments across a business. We have also improved the reporting capabilities of the PPA product, allowing for deeper insights and actionable data points based on usage of Automation.

Customer focus – providing foundations for land-and-expand opportunity

A core tenet of Osirium's strategy is to ensure excellent levels of customer support in tandem with the ease of implementation of its platform. Our 24/7 UK based support service ensures clients have immediate access to support, around the clock, directly enhancing the stickiness of our products. During the year, the Group achieved a 96% customer SaaS contract retention rate by customer value.

The Osirium Customer Network continued in 2022. This forum provides important feedback into the Company for future development but also helps customers ensure they are making the most of their investment.

In 2022, TalkTalk, the UK provider of telephony and broadband services, expanded its existing contract to now include PPA and PEM licences alongside an extension to their existing PAM contract. This renewal represented a significant step for the business, with TalkTalk being our first to utilise all three Osirium privileged security products. TalkTalk has highlighted that it was easier to use Osirium as a one stop shop for all privileged security services, representing a clear example of how our customer focus combined with the effectiveness of our products and sales partners facilitates our land and expand growth strategy.

Market expansion - opening new opportunities for growth through direct and partner channels

Osirium continued its customer acquisition through wins in its target sectors of healthcare, higher education, financial services as well as new areas such as food manufacturing. In particular, higher education and healthcare continue to be sources of growth for the Group with further wins with the NHS and universities throughout the year, not only by upselling to existing customers but by adding new customers through reference and recommendation.

Sales to new customers are driven by the Group's channel partner network alongside its own sales team. Throughout the year we transitioned further towards a "partner first" sales strategy, which means we are increasingly directing leads generated internally towards our partners to act as transaction vehicles for sales in resellers local geographies.

As a result of our excellent customer service levels and best-in-class product offering, we maintain strong relationships with existing customers who are frequently willing to act as reference points when contacted by potential customers from the same sector.

Partner and reseller network expansion

We collaborate with our global network of partners to provide them with the tools and knowledge necessary to sell our products into their local networks. This approach provides Osirium with a broad reach beyond its direct sales arm via a collection of experienced sales professionals across five continents. Over the course of the year, we have continued to fortify our partner and reseller network globally.

The Group's network of distributors enables us to transact via their portfolio of partners, avoiding the signatory process associated with direct sales, which saves time and represents a more efficient way to group our reach. Notable successes from our network in the year include our first contract win in the US, a landmark for the Group, via Prianto, a UK based software distribution firm. The network also achieved our first contract wins in Africa and Asia, as well as first wins in countries such as Austria, Turkey, Malta and Finland. With our "partner first" strategy in place, we are expecting the acceleration of customer acquisition via this network through FY23 and beyond.

Direct

Our direct sales team is now focused on working in tandem with our sales partners, in line with our partner first approach. Our direct sales team maintains its strong relationships with customers and, for example, was instrumental in securing a three-year, c. £0.5 million PAM licence extension with a leading global asset manager. This customer also extended the use of our PPA solution for a further 12 months and since they first adopted the PPA solution in 2019, the user licence number has increased from 40 to over 75.

People

We would like to thank all our staff for their support during the year for their continued hard work. While Osirium is not immune to the wider pressures on technology firms from wage inflation and staff churn, we are pleased to have retained the core of our teams across our technology department while evolving our commercial team.

In line with our partner first sales strategy and cost saving initiatives brought in by the new management team, this year saw a streamlining of our direct sales processes and the complete alignment of objectives across all teams and staff. Our commercial team is now a more efficient unit, with closer communications with our partners and prospects helping to drive improved collaboration with our product and support teams. This has created an effective all-round relationship with our customers and provides them an excellent continuity of service moving forwards.

As reported initially in November 2022, in order to align the management team with the Group's strategy of driving top line growth, Stuart McGregor was appointed as Chief Executive Officer and as a member of the Board of Directors, effective 1 January 2023.

In tandem, previous Chief Executive Officer David Guyatt assumed the position of Executive Chairman in a part-time capacity while the Group's Chairman Simon Lee stood down to take on the role of Senior Independent Non-Executive Director. As part of these changes, as of 1 January 2023, Steve Purdham has stepped down from the Board. We would like to thank Steve for his contribution to Osirium and we wish him all the best.

Current trading and outlook

Entering the new financial year, the Group has continued its focus on growing its customer base as well as achieving license expansions with customers through up-selling and cross-selling and the Group is pleased to have achieved a mix of additional up-sell contract wins from its expanded base of customers. The average contract value for new customers remains strong, and the Group is seeing increasing opportunities for multi-year engagements.

In markets where knowledge of privileged security is maturing, we are seeing shorter, more focused sales cycles where the customer already understands its objectives and is looking for differentiators that align to its resources, budgets and timescales. This is ideal for Osirium as it makes our sales cycles more efficient and has created opportunities early in the year to win new customers and expand on existing contracts.

The existing regulatory drivers and cyber insurance requirements are continuing to ensure cyber security remains a high priority part of overall IT budgets, with IBM's Cost of a Data Breach 2022 report estimating the global average total cost of a data breach to be $4.35 million.

Within this trend, organisations are also rationalising budgets and technology stacks, with the demand for good value and easy to deploy products representing another positive driver for Osirium. In particular, the Group has seen a number of contract wins, upsells and renewals with healthcare and public sector organisations in 2023 to date, as those organisations look to finalise their year-end spend and in line with the heightened awareness of cybersecurity threats posed to critical infrastructure.

Osirium's sector agnostic product suite, ability to lead with any of its three products, and well-developed global sales network mean it is well-positioned in a fast-growing market. While cognisant of wider macroeconomic conditions, we affirm our focus around reducing the timeframe to the Company becoming cashflow breakeven.

S.McGregor

David Guyatt Chairman
Stuart McGregor CEO
31 March 2023

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Financial Review

Overview

The Group has materially grown its customer base, revenue, Annual Recurring Revenue ("ARR") and bookings during the period, demonstrating greater customer engagement. Bookings and ARR represent the key financial measures for the Group and demonstrate the Company's progress in the period under review. Bookings for the 12 months ended 31 December 2022, represented by total invoiced sales for annual subscriptions, were £3.00 million, an increase from £1.61 million over the previous year. The headline bookings total reflected an increase of over 47% in total customer numbers to 150. ARR for December 2022 was £1.86 million, an increase of 28% over the past 12 months (December 2021: £1.45 million). The Group's revenue recognition policy recognises revenue in equal annual instalments over the course of multi-year contracts. Revenue for the year was £1.92 million, an increase from £1.45 million over the previous year.

Operating loss before tax for the Group was £3.36 million, increased from the loss of £3.23 million for the year to 31 December 2021. The losses of the Group have increased slightly due to expenditure levels returning to a more normal level. The main expenditure of the business reflects the significant investment in headcount and activity levels in the business's sales, pre-sales, marketing and engineering departments, building momentum during 2022, continuing in 2023.

Revenue Analysis

Revenue for the 12 months ended 31 December 2022 was £1.92 million (2021: £1.47 million). The Group's total customer count increased by 45 for the year ended 31 December 2022, up by over 47% compared to 2021. This customer growth reflects the growing sales momentum experienced by the business as the Group broadens its customer base. The demand for our PAM, PPA and PEM solutions all continues to increase.

The Company's deferred revenues as at 31 December 2022 were £2.72 million, compared with deferred revenues at the end of December 2021 of £1.61 million, helping provide a degree of visibility and certainty over our future revenue streams.

Taxation

The Group has benefited from the tax relief given on development expenditure, resulting in a research and development tax credit of £640,860 being claimed in respect of the year to 31 December 2022, compared with £594,562 for the previous year to 31 December 2021. The relief illustrates the consistent investment made in the Group's innovative cybersecurity product and its pioneering qualities that is expected to continue going forwards.

Loss per Share

Loss per share for the year on both a basic and fully diluted basis was 6p. In the prior year, the basic and diluted loss per share was 11p.

Results and Dividend

The Directors are unable to recommend the payment of a final dividend (2021: £nil).

Research and Development & Capital Expenditure

The Group spent £1.96 million (2021: £1.85 million) on direct staff and contractor costs for research and development, all of which was capitalised in both periods. This expenditure pertains to developing the Group's new and enhanced software offerings. The Group continues to invest in new product development and the continual modification and improvement of its current product base to meet technological advances, customer requirements, and ever-expanding new market requirements of the rapidly evolving cybersecurity market.

Future Developments

The Group has undertaken a strategy to extend its activities to provide a full range of Privileged Access Security solutions. Alongside accelerating the expansion into new geographies and industry sectors, the Group will continue to invest in developing innovative and differentiated solutions for its growing customer base.

Going Concern

As part of their going concern review, the Directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (2016)". The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of this Annual Report. In developing these forecasts, the Directors have made assumptions based on their view of the current and future economic conditions that will prevail over the forecast period.

The Group incurred a loss of £2.94 million in the year ended 31 December 2022 and had net current liabilities of £1.36 million at that date. The Group's cash and cash equivalents increased by £0.7 million in the same period. Cash and cash equivalents at 31 December 2022 were £1.1 million.

In its assessment, the Board has included consideration of the potential ongoing impact of the war in Ukraine and the associated volatile economic conditions domestically and internationally, including rising inflation, fluctuations in foreign exchange and interest rates, and unease in global stock markets. The Board has worked this into the financial assessment of the Group. Trading conditions started to normalise in the year ended 31 December 2022. This level of enhanced bookings has carried through to the start of the financial year, with a strong start to the new year. This early trading momentum increased the number of customers further, and a strong pipeline of new business supports the Board's business forecasts and underlines their confidence in the Group's ongoing momentum.

As reported on 22 November 2022, the Board identified a further £1.00 million of annualised cost saving measures which have been implemented effective from 1 January 2023. The Directors consider these cost savings will contribute towards shortening the timeframe by which the Company will become cash flow break-even.

Coupled with 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. The Directors consider it appropriate to continue to adopt the going concern basis in preparing the Financial Statements. Accordingly, the financial statements do not include any adjustments required if the going concern basis of preparation was deemed inappropriate. However, if the Group is unable to deliver the anticipated order book and revenue growth, during the going concern period, it would give rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Cash Flow

The Group's cash balances at 31 December were £1.08 million (2021: £0.38 million).

Cash generated from operations for the period was £0.46 million (2021: cash used in operations £1.10 million).

Rupert Hutton, CFO

Part 2

Corporate Governance Report

Key Performance Indicators

Financial KPIs

The Group's progress against its strategic objectives is monitored by the Board of Directors by reference to KPIs. Progress made is a reflection of the performance of the business since publicly listing and the Group's achievement against its strategic plans. The Group considers major KPIs to be bookings, revenue, loss before tax, channel partners, new customers and sectors, customer renewals, and software evaluations.

Bookings are monitored on a monthly basis and reported in detail at board meetings. Bookings have increased by 87% to £3.00 million (not audited) for the year to 31 December 2022 from £1.60 million for the year ended 31 December 2021, customer accounts more than doubled to 105 with 55 new customer accounts added during 2022, the business enjoyed a record H1 and H2 and by definition a record financial year in 2022

Annualised Recurring Revenue (ARR) rose to £1.86 million, an increase of 28% over the past 12 months (2021: £1.45 million)

Revenue: as a result of the increase in customer numbers, the revenue KPI is performing well, with total revenue up 32% to £1.92 million (2021: £1.47 million).

Operating Loss: the board are pleased with the small increase in operating loss of £3.36 million (2021: £3.23 million), in line with management expectations, caused by a combination of increasing revenues and tight cost control.

Non-financial KPIs include:

Channel partners: the Group appointed a new Distributor, Prianto, and many additional reseller partners globally, with a focus on Europe and MEA to meet our plan and have also been establishing agreements with both resellers and distributors, who we see as key to opening up new revenue streams.

New customers and sectors wins: we were pleased to add customers in 2022 in new sectors such as ambulance services and private sector healthcare as well as customers in food manufacturing and extra customers in existing strong sectors. We expect this growth to continue as PAM becomes more mainstream and we can independently upsell our PPA and PEM solutions as the first Osirium product into new customer accounts.

Customer retention: 96% of customers were retained in the year by renewal value, which compares favourably with our SaaS peers highlighting the 'mission-critical' nature of our solution and customer satisfaction with our products and service.

Software Evaluations: growing company reputation in the PAM marketplace means that customers are increasingly willing to purchase Osirium solutions without requiring a Proof of Concept (POC), as we directly engage the Professional Services Team who are able to install the product and accelerate the sales cycle.

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

Corporate governance

The company has adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") in line with the London Stock Exchange's changes to the AIM Rules requiring all AIM quoted companies to adopt and comply with a recognised corporate governance code and detail how it complies with that code, and where it departs from its chosen corporate governance code an explanation of the reasons for doing so. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". The Board believes this continues to be the most appropriate governance framework for the business. The Board is committed to the ongoing development of our governance reporting to support the ongoing growth of the business. For further details see the Osirium Corporate Governance statement at: https://osirium.com/investors/corporate-governance.

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Board Structure and Committees

The Board is responsible to shareholders for the proper management of the company. The Board comprises five (5) directors, three of whom are Executive Directors and two of whom are Non-Executive Directors, reflecting a blend of different experience and backgrounds. The Board considers Simon Lee, and Simon Hember to be independent Non-Executive Directors under the criteria identified in the QCA Code.

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

Audit Committee

The duties of the Audit Committee are to consider the appointment, re-appointment and terms of engagement of, and keep under review the relationship with, the Group's auditors, to review the integrity of the Group's financial statements, to keep under review the consistency of the Group's accounting policies and to review the effectiveness and adequacy of the Group's internal financial controls. In addition, it has received and reviewed such reports as it from time-to-time requests from the Group's management and auditors. The Audit Committee has met at least twice a year and has unrestricted access to the Group's auditors. The Audit Committee comprises Simon Lee and Simon Hember and has been chaired by Simon Lee. The Directors have considered the membership of the Audit Committee carefully and have concluded that, given the current composition of the Board, Simon Lee as Senior Non-Executive Director is the most appropriate choice to be its Chairman. The Board regularly reviews the effectiveness of the Audit Committee. Once any further appointments have been made to the Board, the Audit Committee will be reviewed to bring its composition into line with corporate governance best practice guidance.

Remuneration Committee

The Remuneration Committee has responsibility for reviewing and determining, within agreed terms of reference, the Group's policy on the remuneration of Senior Executives, Directors and other key employees and specific remuneration packages for Executive Directors, including pension rights and compensation payments. It is also responsible for making recommendations for grants of options under the New Share Option Scheme. It has met not less than twice a year. The remuneration of Non-Executive Directors is a matter for the Board, and no Director may be involved in any discussions as to their own remuneration. The Remuneration Committee comprises Simon Hember and Simon Lee and is chaired by Simon Hember, and met twice in 2022.

Determination of Directors' and Senior Management's Salaries

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

How Osirium Manages Risk

Principal Risks and Uncertainties

The Board of Directors, who are responsible for the Group's risk management and control system, have established a process for identifying and providing oversight to manage principal risks and uncertainties that could have a material impact on the Group's performance. Apart from the normal commercial and economic risks facing any UK based business looking to not only become the dominant company in its home market but also expand into overseas territories, the major risks to the Group are the:

- **Brexit** remains a commercial risk continuing to affect the UK and World economies and business, as does the remaining unknown effects of the continuing war in Ukraine that are all still to be fully understood.
- Loss of a **major client** and supporter.
- Loss of a relationship with a **major supplier**.
- Development of **new technologies** that may adversely impact the Group's proprietary software

These do not constitute all the risks that the Board has identified but those the Directors currently consider the most material. As part of this risk mitigation planning, the Board has continued to ensure during 2022 that the marketing and sales teams have found new ways of finding and closing new customers who are ready to buy our products and services. The Board has also ensured specific relationship management systems are in place for managing both new and existing client and supplier relationships, including establishing a new Relationship Management role in the business to maintain regular customer contact. In addition, research and development into various technologies on an ongoing basis is a key pillar of the Board's strategy.

Other Risks

Competitor Risk

The market for cyber security software is becoming increasingly competitive. To mitigate against this risk, management feels that the years of investment ahead of the maturing Privileged Access Management market and the continued investment in the products will maintain Osirium's leadership position. The Group also has an increasingly growing customer base that is becoming more diversified, with more 'uses cases ' for the product suite. The Group maintains a customer-centric focus to ensure strong relationships are maintained and deepened across the customer base.

Commercial Relationships

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

Personnel/Key Executives

The Group's future performance is substantially dependent on its 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 joined Osirium since flotation, there can be no assurance that the Group will retain their services. The loss of any key executives or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Group. The Group believes that it has the appropriate incentivisation structures to attract and retain the calibre of employees necessary to ensure the efficient management and development of the Group. However, any difficulties encountered in hiring appropriate employees and the failure to do so may have a detrimental effect on the trading performance of the Group. The ability to attract new employees with the appropriate expertise and skills cannot be guaranteed. To this end, the Group has introduced a new and enhanced set of benefits for employees which we believe act as a further incentive for gifted employees to stay and build their careers at Osirium.

Customer Attraction, Retention and Competition

The Group's future success depends on its ability to increase sales of its products to new prospects. The rate at which new and existing end customers purchase products and existing customers renew subscriptions depends on several factors, including the efficiency of the Group's products and the development of the Group's new offerings, as well as factors outside of the Group's control, such as end customers' perceived need for security solutions, the introduction of products by the Group's competitors that are perceived to be superior to the Group's products, end customers' IT budgets and general economic conditions. A failure to increase sales due to any of the above could materially adversely affect the Group's financial condition, operating results and prospects.

The Group's success depends on its ability to maintain relationships, renew contracts with existing customers, and attract and be awarded contracts with new customers. A substantial portion of the Group's future revenues will be directly or indirectly derived from existing contractual relationships as well as new contracts driven at least in part by the Group's ability to penetrate new partners, verticals and territories. The loss of key contracts and/or an inability to successfully penetrate new verticals or deploy its skill sets into new territories could have a significant impact on the future performance of the Group.

Reputation

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

We run regular security tests on our infrastructure, including reviews of our resilience and backup procedures. The Group's services and software are complex and may contain undetected defects when first introduced, and problems may be discovered from time to time in existing, new or enhanced product iterations. Undetected errors could damage the Group's reputation, ultimately leading to an increase in the Group's costs or a reduction in its revenues. Other issues that may give rise to reputational risk include, but are not limited to, failure to deal appropriately with legal and regulatory requirements in any jurisdiction (including as may result in the issuance of a warning notice or sanction by a regulator or an offence (whether, civil, criminal, regulatory or other) being committed by a member of the Group or any of its employees or directors), money-laundering, bribery and corruption, factually incorrect reporting, staff difficulties, fraud (including on the part of customers), technological delays or malfunctions, the inability to respond to a disaster, privacy, record keeping, sales and trading practices, the credit, liquidity and market risks inherent in the Group's business.

Further reputational risks include failure to meet the customers, operators, suppliers, employees, and intellectual property and technology expectations. The Group's technology is primarily comprised of software and other code ("Software"). Some of the Software has been developed internally and is owned by the Group. Also, some of the Software has been developed by third parties that have licensed rights in the Software to the Group or provided access under free and open source licence. However, a significant proportion of the Software has been developed by third parties and is provided to the Group under licence. It is not uncommon for any company's technology, particularly where it is primarily embodied in Software, to comprise both owned and licensed code. This nevertheless means that the Group's continuing right to use such Software is dependent on the relevant licensors continuing to licence Software to the Group. Again, as is usual, such agreements may be terminated by the licensors due to a breach of their terms by the Group.

Any failure by the Group to comply with the terms of the licences granted could, therefore, result in such licences being terminated and the Group no longer being entitled to continue to use the Software in question. Also, use outside of the terms of any relevant licence could expose the Group to legal action for infringement of the rights of the licensor(s). Further, and in any event, the Group may not have adequate measures in place to ensure that its use of third party software complies with all terms under which such software has been licensed to the Group.

Operations

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

This strategic report, as set out on pages 5 to 17, was approved by the board on 31 March 2023.

Rupert Hutton, CFO

Board of directors

Stuart McGregor

Chief Executive Officer

Stuart has over 20 years in the IT industry with a breadth of experience in leading direct and channel sales teams of SaaS and on premise solutions into mid-market and enterprises across EMEA. Most recently he was Sales Director for Privileged Access Management vendor, Bomgar, where he established an EMEA operation and led the UK and Northern Europe sales teams. Stuart saw local revenues grow by over 600% and sales operations created in UK, Netherlands, Germany and France. Stuart was also a member of Bomgar 's Global Leadership team and managed the integration of sales operations of the acquired Lieberman, Avecto and BeyondTrust businesses. Stuart has also held successful sales and consulting management positions at EMC, UK start-up software company Thunderhead, BroadVision and Oracle.

David Guyatt

Executive Chairman and Co-Founder

The Board of Directors is led by David Guyatt, co-founder of Osirium, who has over 30 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 created MIMEsweeper and became the recognised world leader in content security solutions, with a 40 per cent global market share, and was sold for $1Bn within 5 years, the largest European cyber security acquisition at the time.

Previously, David was Sales & Marketing Director at Integralis from 1990 to 1996, as it established itself as Europe's leading IT security integrator - now part of the NTT group.

Rupert Hutton

Chief Financial Officer

Rupert's most recent deal was while he was working at Artilium Plc and was instrumental in the sale to NYSE listed Pareteum for $104.7 million (or £78.0 million). Rupert previously served for 12 years as Finance Director of AIM-quoted Atlantic Global PLC, a cloud-based project portfolio management software company, before being sold in February 2012 to KeyedIn Solutions, an international, US private equity backed software business based in Bloomington, Minnesota. Rupert's early career was served as Group Finance Director of the Milton Keynes and North Bucks Chamber of Commerce Training and Enterprise. Rupert trained with Grant Thornton and has an AMBA accredited Masters in Business Administration and is a fellow of the Association of Chartered Certified Accountants.

Simon Lee

Senior Independent Non-Executive Director

Simon Lee is an International Advisor to Fairfax Financial where he sits on the Boards of Brit Syndicates Ltd and Fairfax International (Barbados) Ltd. He is also on the Advisory Boards of Sherpa Technology and Perfect Cellar, a Non-executive Director of Atlas Mara Bank and President 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.

Simon Hember

Independent Non-Executive Director

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

Management team

Kev Pearce

Co-Founder and Tech Services Director

Kev, who co-founded Osirium with David Guyatt, has over 20 years' experience in the planning, deployment and management of corporate IT infrastructure and security projects. Kev was previously the Head of Consulting at Integralis, Europe's largest Security Solution Provider, which he joined in 1996. Kev has a BEng (Hons) degree in Microelectronic Engineering from Brunel University in 1997 and is also a Chartered Engineer (CEng), a Certified Information Systems Security Professional (CISSP) and holds many vendor specific certifications

Andy Harris

Chief Technology Officer

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

Catherine Jamieson

Sales and Operations Director

With over 25 years of experience growing start-up businesses, Catherine's skill set is perfectly suited to driving Osirium in both sales and operational roles. Starting with Integralis in 1988, she joined the start-up team and quickly adopted a sales and customer services role which ended up being a key factor in the growth of the business.

Moving to more senior sales roles in the early 90's, she established the City Business Unit at Integralis, before accepting the Sales Manager role when the MIMEsweeper solution was launched in 1995.

In 1997, Catherine became the SVP Europe at MIMEsweeper which, under her leadership from 1997-2000, grew the European business from $3million to over $15 million in three years, consistently achieving revenue growth of over 100% p.a. with over 50 channel partners in 12 countries. The MIMEsweeper business was sold for $1Bn in 2000.

She has since been involved with a few smaller start-up organizations, before joining Osirium in 2010, where she has been responsible for the acquisition of early adopter customers and providing operations support to the business.

Chris Tumelty

Marketing Director

Chris has 20 years' of experience in demand generation and marketing leadership across various industry sectors. At Osirium, he leads the marketing team, focusing on demand generation and product marketing; as well as developing the Osirium brand and market presence. Before Osirium, Chris spent 8 years helping IT organisations by transforming their prospect engagement with companies including Kaspersky, Netgear and QNAP.

Report of the directors

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

Principal Activity

The company's principal activity in the year under review was that of a UK-based software developer and vendor of Privileged Access Security solutions. Osirium's products can be deployed in the cloud or on-premises to protect critical IT assets, infrastructure and devices by preventing targeted cyber-attacks from directly accessing Privileged Accounts. The products remove 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 what the Directors view as the next generation Privileged Access Management (PAM) solution. Osirium's Privileged Access Security portfolio looks beyond traditional PAM with automation of privileged processes and management of privileged application execution on users' workstations. Building on Osirium's Privileged Task Management module, in May 2019, Osirium launched Privileged Process Automation (PPA), providing a highly flexible platform for automating essential IT processes to set a new benchmark in IT Process Automation. This was followed by the Privileged Endpoint Management (PEM) launch in December 2019, bringing the total portfolio to three complimentary solutions.

Directors

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report. D A Guyatt, R G Hutton, S P G Lee, S E H Hember. S Purdham retired on 1 January 2023 and Stuart Mc Gregor was appointed to the board on 1 January 2023.

Directors Interests in Shares

Ordinary shares of 1p each as at 31 December 2022.

- D A Guyatt* (9,913,109)
- R G Hutton* (753,809)
- S P G Lee (1,656,083)
- S E H Hember (103,571)
- S Mc Gregor (896,523)

*and spouses

Substantial Shareholdings

Ordinary shares of 1p each as at 31 December 2022.

- Nicholas Slater 13,550,000 (11.06%),
- Herald Investment Management Limited 10,507,079 (8.57%)
- David Guyatt (Director), 9,913,109 (8.09%),
- Mark Horrocks and Family 6,954,545 (5.67%)

Strategic Report

Information on research and development activities and future developments is not included within the Directors' Report as it is instead included within the Strategic Report on pages 5 to 17 in accordance with S414c(11) of the Companies Act 2006.

Financial Risk Management Policies

Details of main financial risks facing the Group and the policies to manage these risks are included note 22 of these financial statements.

Section 172 Companies Act Statement

The statements below are designed to address the reporting requirements of the Board under Section 172 of the Companies Act and the Companies (Miscellaneous Reporting) Regulations 2018. The Directors are well aware of their duty under section 172 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to the areas set out in section 172.

As a people business, the impact of business decisions on our principal stakeholders is always central to the decision-making process.

Our key stakeholders and how we engage is summarised in the below table:

Stakeholder Engagement Table

Stakeholder group	Why they are important	Type of engagement
Employees	The key to delivering the Board's organic growth strategy is to continue to recruit and retain high-quality staff. In order for Osirium to be an attractive place for high calibre staff to work, it is essential that Osirium maintains its reputation for delivering software and IT projects of the highest quality. Osirium's most valuable asset is its people, be it the development, sales and marketing, consulting or presales teams or the support staff.	Our Company's culture governs how the Group engages with employees – which is to treat all members of the Company fairly and consistently. The Board's intention is to behave responsibly and ethically at all times, in line with Company values, and to ensure that the management teams operate the business in a responsible manner, maintaining a reputation for the highest standards of business conduct and good governance as set out in our report and accounts. The Board has demonstrated over the years how much it values its employees. Actions include introducing enhanced employee benefits as the company has grown and resources allow, regular Personnel reviews and Corporate Events - all designed to attract and retain the best staff to Osirium
Investors/Shareholders	Our investors' continued support is important to the success of the Group and has provided a source of equity to help fund the growth of the business. Shareholders also continue to be a conduit to the Executive Directors on equity market dynamics.	The Board engages with shareholders through the annual and half year results and trading updates, the Annual General Meeting and investor roadshows. The Company provides information to all shareholders and other third parties on an equal basis using the RNS news service.
Customers/Suppliers/ Partners	As a business, we understand the need to foster the Company's business relationships with suppliers, customers and partners to operate a successful business. Our business is centred on high-quality customer service, based on being a trusted partner. Suppliers and partners are important in our service delivery and to expand the Group's market reach.	The Group dedicates substantial time, effort and resources in working to develop and maintain strong relationships from which all stakeholders benefit. We have established the Osirium Customer Network, an informal forum for meeting and introducing customers to each other for sharing best practices with Osirium technology. These events are well attended by both new and longer-standing Osirium customers. Our customers' feedback is that these briefings and interactive workshops have real value. Likewise, Osirium runs regular joint seminars with its partners and joint marketing and training events. These enable partners to become skilled in Osirium technologies, differentiate themselves from their competitors, and open up new revenue streams
Community and Environment	The Board is aware of the Group's environmental responsibilities to ensure the well-being of the wider community and the continued viability of the Group.	The nature of the Group's business is fundamentally low impact to the community and the environment. The Osirium working model has always enabled the team to deliver their services using technology that further reduces the environmental impact. As an illustration, many of the team have never needed to commute to work on a daily basis.

Osirium has a clearly stated long term organic growth and a " land and expand" strategy. As such, all significant business decisions consider both the short medium and long term consequences of each decision as part of the strategic decision-making process.

The Board's governance framework shows how the Board delegates its authority, and each business decision is debated and agreed at a Board meeting and suitably recorded for review. The Board has held 11 board meetings over the year to discuss and agree on key decisions made and assess the impact of these decisions on key stakeholder groups.

We have considered the key decisions taken by the Board which will have an impact on the longer-term performance and prospects of the Group. This is summarised in the table below.

Key decisions made in 2022 impacting stakeholders

Significant event/ decision	Key stakeholders	Actions and impacts
New Product Launches	Employees, Customers, Investors / Shareholders	Product enhancements and new product development was rolled out in line with customer feedback to ensure it matches customer needs Development teams were consulted, sales and presales and marketing teams trained to work with the expanded product range. Investment in product development is continually reviewed as a pillar of Group's growth strategy

Statement of Disclosure of Information to the Auditor

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

Post Year End

Osirium has experienced continued trading momentum and continued business momentum, customer acquisition and further sales with a substantial number of contract wins, particularly with NHS trusts, Higher education Establishments, and Commercial bookings. Osirium has a growing pipeline with quality and volume of leads improving as end markets continue to stabilise with increased engagement with new and existing channel partners.

Annual General Meeting

A resolution to reappoint PKF Littlejohn LLP as auditor will be put to the members at the Annual General meeting of the Company which will be held on 9 May 2023 at 11:00 am.

On Behalf of the Board of Directors

Stuart McGregor, CEO

Part 3

Financials

Directors' Responsibilities in Preparation of the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. The directors have been elected under company law and the AIM Rules of the London Stock Exchange to prepare the financial statements in accordance with UK-adopted international accounting standards. The financial statements are required by law and UK-adopted international accounting standards to present fairly the financial position and performance of the company and group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period.

In preparing the financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Osirium Technologies Plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Independent Auditor's Report to the Members of Osirium Technologies PLC

Opinion

We have audited the financial statements of Osirium Technologies Plc (the 'parent company') and its subsidiary (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the group will require further funds to be raised over the going concern period in order for the group and parent company to continue as going concerns. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of the assessment prepared by the Board of directors and the cash flow forecasts. We have reviewed the forecasts to ensure that the inputs were accurate and held discussions with management around the current and expected revenue growth.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

For the purposes of determining whether the financial statements are free from material misstatements, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriate level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

We determined materiality for the group to be £38,500 (2021: £29,000), which is based on 2% of revenue. We consider revenue to be the key performance measure used by the shareholders of Osirium Technologies Plc as a trading entity, and its revenue-generating ability is a significant point of interest for investors.

We set the group performance materiality at £26,950 (2021: £20,300) which was 70% of overall financial statements materiality to reflect the risk associated with the judgemental and key areas of management estimation in the financial statements.

We agreed with those charged with governance that we would report all audit differences in excess of £1,925 (2021: £1,350), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We determined materiality for the parent company to be £19,016 (2021: £17,195), with a performance materiality of £13,311 (2021: £12,037) which was 70% of parent company materiality to provide sufficient coverage of significant and residual risks. We agreed with those charged with governance that we would report all audit differences in excess of £951 (2021: £860), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. Materiality was based upon 2% of total expenditure. We have determined this level of materiality for the parent company to gain sufficient coverage of expenses.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

In designing our audit, we determined materiality and assessed the risk of material misstatement in the group and parent company financial statements. We looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, in particular with regard to the recognition and valuation of intangible and deferred tax assets. We also assessed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

In addition to the parent company, one material component was identified. As the finance function is centralised and UK based, all audit work is undertaken by the London based group audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material uncertainty related to going concern section we have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter Recognition, valuation and impairment of intangible assets	How our scope addressed this matter
As disclosed in note 9 of the financial statements, the group reported £3,752,102 (2021: £3,557,310) of intangible assets as at 31 December 2022. There is a risk that the software development costs may not be correctly capitalised in accordance with IAS 38 'Intangible Assets'. Additionally, there is a risk that projects under development are not fully recoverable and whether impairment indicators exist for commercially available products which have not been identified by management. The subjectivity of the judgements and estimates, together with the significant carrying value of the intangible assets, makes this area a key focus for the audit.	We performed the following work to address the identified risk: • Substantively tested a sample of development expenditure additions to assess their eligibility for capitalisation under IAS 38; • Re-performed the calculation of the amortisation charge in accordance with the disclosed accounting policy; • Assessed compliance of the capitalised IP expenditure with the recognition criteria under IAS 38 and challenged management on areas involving significant judgement; and • Inquired into any indications of impairment for IP which is commercially available and subject to amortisation

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and our experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from Companies Act 2006, UK-adopted international accounting standards, AIM Rules, QCA Corporate Governance Code, UK employment rules and UK tax legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to: enquiries of management, review of board minutes and a review of legal correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that revenue recognition and the impairment assessment of intangible assets represented the highest risk of management bias. Please refer to the key audit matters section above.
- We addressed the risk of fraud arising from management override of controls by performing procedures which included, but were not limited to: the testing of journals, reviewing accounting estimates for evidence of bias; evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

David Thompson

David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

31 March 2023

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
OPERATIONS			
Revenue		1,922,860	1,474,504
GROSS PROFIT		1,922,860	1,474,504
Other operating income		2	13
Administrative expenses		(5,279,002)	(4,705,350)
OPERATING LOSS		(3,356,140)	(3,230,833)
Net finance costs	6	(229,701)	(197,030)
LOSS BEFORE TAX		(3,585,841)	(3,427,863)
Taxation	7	640,860	594,562
LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF OSIRIUM TECHNOLOGIES PLC		(2,944,981)	(2,833,301)
Loss per share from operations	8	(6)p	(11)p
Basic and fully diluted loss per share	8	(6)p	(11)p

The accompanying notes are an integral part of these financial statements.

On Behalf of the Board of Directors
Stuart McGregor, CEO

Consolidated Statement of Financial Position

	Notes	As at 31-Dec-22 (£)	As at 31-Dec-21 (£)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	3,752,102	3,557,310
Property, plant & equipment	10	54,848	82,500
Right-of-use assets	11	199,384	12,266
Total non-current Assets		4,006,334	3,649,164
CURRENT ASSETS			
Trade and other receivables	13	906,698	1,082,260
Cash and cash equivalents	14	1,081,135	383,854
Total current assets		1,987,833	1,466,114
TOTAL ASSETS		5,994,167	5,115,278
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	3,307,313	2,158,450
Lease liability	17	45,216	15,765
Total current liabilities		3,352,529	2,174,215
NON-CURRENT LIABILITIES			
Deferred tax	21	-	-
Lease liability	17	194,660	-
Convertible loan notes	18	2,926,134	2,708,886
Total non-current liabilities		3,120,794	2,708,886
TOTAL LIABILITIES		6,473,323	4,883,101
EQUITY			
SHAREHOLDERS EQUITY			
Called up share capital	19	1,225,487	293,820
Share premium		13,750,312	12,462,319
Share option reserve		379,523	365,535
Merger reserve		4,008,592	4,008,592
Convertible note reserve		394,830	394,830
Retained earnings		(20,237,900)	(17,292,919)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF OSIRIUM TECHNOLOGIES PLC		(479,156)	232,177
TOTAL EQUITY AND LIABILITIES		5,994,167	5,115,278

The financial statements on pages 35 to 67 were approved and authorised for issue by the board of directors on 31/03/2023. The accompanying notes are an integral part of these financial statements.

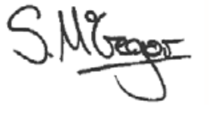
On Behalf of the Board of Directors
Stuart McGregor, CEO

Company Statement of Financial Position

	Notes	As at 31-Dec-22 (£)	As at 31-Dec-21(£)
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiary	12	354,445	354,445
CURRENT ASSETS			
Trade and other receivables	13	3,130,568	2,470,509
Cash and cash equivalents	14	1,008,165	244,582
Total current assets		4,138,732	2,715,091
TOTAL ASSETS		4,493,178	3,069,536
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	178,792	146,710
Total current liabilities		178,792	146,710
NON-CURRENT LIABILITIES			
Deferred tax	21	-	-
Convertible loan notes	18	2,926,134	2,708,886
Total non-current liabilities		2,926,134	2,708,886
TOTAL LIABILITIES		3,104,925	2,855,596
EQUITY			
SHAREHOLDERS EQUITY			
Called up share capital	19	1,225,487	293,820
Share premium		13,750,312	12,462,319
Share option reserve		379,523	365,535
Convertible note reserve		394,830	394,830
Retained earnings		(14,361,900)	(13,302,563)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF OSIRIUM TECHNOLOGIES PLC		1,388,252	213,941
TOTAL EQUITY AND LIABILITIES		4,493,178	3,069,536

The financial statements on pages 35 to 67 were approved and authorised for issue by the board of directors on 31/03/2023. The accompanying notes are an integral part of these financial statements.

On Behalf of the Board of Directors
Stuart McGregor, CEO



Consolidated Statement of Changes in Equity

	Called up share capital £	Share premium £	Merger reserve £	Share option reserve £	Convertible note reserve £	Retained earnings £	Total equity £
Balance at 1-Jan-21	194,956	10,635,500	4,008,592	351,547	394,830	(14,459,618)	1,125,807
Changes in Equity							
Total comprehensive loss	-	-	-	-	-	(2,833,301)	(2,833,301)
Issue of share capital	98,864	2,076,135	-	-	-	-	2,174,999
Issue costs	-	(249,316)	-	-	-	-	(249,316)
Share option charge	-	-	-	13,988	-	-	13,988
Balance at 31-Dec-21	293,820	12,462,319	4,008,592	365,535	394,830	(17,292,919)	232,177
Changes in Equity							
Total comprehensive loss	-	-	-	-	-	(2,944,981)	(2,944,981)
Issue of share capital	931,667	1,599,833	-	-	-	-	2,531,500
Issue costs	-	(311,840)	-	-	-	-	(311,840)
Share option charge	-	-	-	13,988	-	-	13,988
Balance at 31-Dec-22	1,225,487	13,750,312	4,008,592	379,523	394,830	(20,237,900)	(479,156)

The accompanying notes are an integral part of these financial statements.

On Behalf of the Board of Directors
Stuart McGregor, CEO

Company Statement of Changes in Equity

	Called up share capital £	Share premium £	Share option reserve £	Convertible note reserve £	Retained earnings £	Total equity £
Balance at 1 January 2021	194,956	10,635,500	351,547	394,830	(10,724,106)	852,727
Changes in Equity						
Total comprehensive loss	-	-	-	-	(2,578,457)	(2,578,457)
Issue of share capital	98,864	2,076,135	-	-	-	2,174,999
Issue costs	-	(249,316)	-	-	-	(249,316)
Share option charge	-	-	13,988	-	-	13,988
Balance at 31 December 2021	293,820	12,462,319	365,535	394,830	(13,302,563)	213,941
Changes in Equity						
Total comprehensive loss	-	-	-	-	(1,059,337)	(1,059,337)
Issue of share capital	931,667	1,599,833	-	-	-	2,531,500
Issue costs	-	(311,840)	-	-	-	(311,840)
Share option charge	-	-	13,988	-	-	13,988
Balance at 31 December 2022	1,225,487	13,750,312	379,523	394,830	(14,361,900)	1,388,252

The accompanying notes are an integral part of these financial statements.

On Behalf of the Board of Directors
Stuart McGregor, CEO

Consolidated Statement of Cash Flows & Reconciliation of Net Debt

	Notes	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
Cash flows used in operating activities			
Cash used in operations	15	(138,715)	(1,695,291)
Tax received	7	603,232	591,436
Net cash generated from/(used in) operating activities		464,517	(1,103,855)
Cash flows used in investing activities			
Purchase of intangible fixed assets	9	(1,960,912)	(1,837,104)
Purchase of property, plant and equipment	10	(15,338)	(37,469)
Sale of property, plant and equipment	10	-	208
Net cash used in investing activities		(1,976,250)	(1,874,365)
Cash flows from financing activities			
Share issue		2,531,500	2,174,999
Share issue costs		(311,840)	(249,316)
Payment of lease liabilities (net of interest)		(25,392)	(60,731)
Allocation of loan note interest		14,746	14,746
Net cash from financing activities		2,209,014	1,879,698
Increase/(decrease) in cash and cash equivalents		697,281	(1,098,522)
Cash and cash equivalents at beginning of year		383,854	1,482,376
Cash and cash equivalents at end of year		1,081,135	383,854

Analysis of changes in net liabilities

	As At 01-Jan-22 (£)	Cash flows (£)	Non cash charges (£)	As at `31-Dec-22 (£)
Cash and cash equivalents				
Cash	383,854	697,281		1,081,134
Borrowings				
Lease Liability	15,765	(25,392)	249,503	239,876
Loan notes	2,708,886		217,247	2,926,133
	2,724,651	(25,392)	466,750	3,166,009

The accompanying notes are an integral part of these financial statements.

On Behalf of the Board of Directors
Stuart McGregor, CEO

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Company Statement of Cash Flows & Reconciliation of Net Debt

	Note	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
Cash flows used in operating activities			
Cash used in operations	15	(1,470,823)	(2,652,328)
Net cash used in operating activities		(1,470,823)	(2,652,328)
Cash flows from financing activities			
Share issue (net of issue costs)		2,219,660	1,925,682
Allocation of loan note interest		14,746	14,746
Net cash from financing activities		2,234,406	1,940,428
Increase in cash and cash equivalents		763,583	(711,900)
Cash and cash equivalents at beginning of year		244,582	956,482
Cash and cash equivalents at end of year		1,008,165	244,582

Analysis of changes in net liabilities

	As At 01-Jan-22 (£)	Cash flows (£)	Non cash charges	As at 31-Dec-22 (£)
Cash and cash equivalents				
Cash	244,582	763,583	-	1,008,164
Borrowings				
Loan notes	2,708,886	-	217,247	2,926,133

The accompanying notes are an integral part of these financial statements.

On Behalf of the Board of Directors
Stuart McGregor, CEO

Notes to the Financial Statements

Osirium Technologies PLC is a company incorporated in England and Wales under the Companies Act 2006 and listed on the AIM Market. The address of the registered office is One Central Square, Cardiff, CF10 1FS.

1. Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with UK-adopted International Accounting Standards that are effective or issued and early adopted as at the time of preparing these Financial Statements and in accordance with the provisions of the Companies Act 2006.

Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Osirium Technologies PLC ('company' or 'parent entity') as at 31 December 2022 and the results of the subsidiary for the year then ended. Osirium Technologies PLC and its subsidiary together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (2016)". The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of these Financial Statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

The Group incurred a loss of £2.94 million in the year ended 31 December 2022 and had net current liabilities of £1.36 million at that date. The Group's cash and cash equivalents increased by £0.70 million in the same period.

Cash and cash equivalents at 31 December 2022 were £1.08 million.

In its assessment, the Board has included consideration of the potential ongoing impact of the war in Ukraine and the associated volatile economic conditions domestically and internationally, including rising inflation, fluctuations in foreign exchange and interest rates, and unease in global stock markets. The Board has worked this into the financial assessment of the Group. Trading conditions started to normalise in the latter part of the year ended 31 December 2022. This level of enhanced bookings has carried through to the start of the new financial year, with a positive start to the year. This early trading momentum increased the number of customers further, and a strong pipeline of new business supports the Board's business forecasts and underlines their confidence in the Group's ongoing momentum.

Coupled with 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. The Directors consider it appropriate to continue to adopt the going concern basis in preparing the Financial Statements. Accordingly, the financial statements do not include any adjustments required if the going concern basis of preparation was deemed inappropriate. However, if the Group is unable to deliver the anticipated order book and revenue growth, and raise additional capital during the going concern period, it would give rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. This additional funding is not guaranteed, however to date the Group has been successful in securing funding when required.

New and Amended Standards and Interpretations

There are no new standards or amendments to standards adopted with effect from 1 January 2022, or effective in future accounting periods, which had or are expected to have a material impact on the Group and Company financial statements.

2. Accounting Policies

Revenue Recognition

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

Contract Assets and Liabilities

Contract assets are recognised when Osirium has transferred goods or services to the customer but where Osirium is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes. Contract liabilities are recognised when Osirium receive payment in advance of satisfaction of its performance obligations. Contract liabilities are included as financial liabilities in deferred income.

Functional and Presentational Currency

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

Rounding

The figures in the financial statements of Osirium for the current and preceding year are rounded to nearest whole pound.

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-recognise 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. The directors have made an assessment on the amounts due from group undertakings under IFRS 9 for impairment of financial assets. As Osirium is loss making and the likelihood is that a proportion of the amount due from the group undertaking will not be received, the directors have deemed it prudent to account for an impairment of £1,826,916 with this being looked at every 12 months on a continuous basis.

Cash and Cash Equivalents

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

Impairment of Financial Assets

Osirium recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon Osirium's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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Financial Liabilities and Equity

Trade and Other Payables

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

Borrowings

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

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not premeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Equity

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

Taxation

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which is deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit not the accounting profit.

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

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

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

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Property, Plant and Equipment

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

Fixtures and fittings - 25% on cost

Computer equipment - 33% on cost

Osirium has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Internally-generated Development Intangible Assets

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

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

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

Development costs - 20% per annum, straight line

Impairment of Property, Plant and Equipment 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.

Right of Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where Osirium expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

Lease Liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.5%. The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise. Leases are cancellable when each party has the right to terminate the lease without permission of the other party or incurring more than an insignificant penalty. The lease term includes any rent-free periods.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss, unless interest is directly attributable to qualifying assets, in which case it is capitalised in accordance with the Group's policy on borrowing costs.

Employee Benefit Costs

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

Share-based Payments

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

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the options at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date. When the options are exercised Osirium issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Segment Reporting

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

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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 principals 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.

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Osirium Technologies plc, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Critical Accounting Estimates and Judgements

The preparation of the Financial Statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at each statement of financial position date and the reported amounts of revenue during the reporting periods. Actual results could differ from these estimates. The directors consider the key areas to be in respect of the valuation of intangible assets and impairment of intercompany receivables. Information about such judgements and estimations are contained in individual accounting policies and trade and other receivables (Note 4).

IFRS 16 Leases

Right-of-use assets and corresponding lease liabilities are recognised in the statements of financial position. Straight line operating lease expense recognition is replaced with a depreciation charge for the right-of-us assets (included in operating costs) and an interest expense on the recognised lease liabilities (included within finance costs). For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities

3. Segment Information and Revenue

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

The Group had one (2021: one) customer that represented over 10% of total revenue. The total revenue for this customer was £239,488 (2021: £206,807) which represents 12% (2021: 14%) of the Group's total income for the year.

4. Employees and Directors

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

	Group	
	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
Wages and Salaries	3,314,079	2,933,718
Social Security Costs	419,196	347,096
Other Pension Costs	227,018	199,186
	3,960,293	3,480,000
Less R&D capitalised amounts	(1,813,870)	(1,649,511)
	2,146,423	1,830,489

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

	Year ended 31-Dec-22	Year ended 31-Dec-21
Directors and management	8	5
Development	19	19
Sales and presales	11	10
Support	8	8
Marketing	4	4
	50	46

The directors' remuneration of the Group during the year was as follows:

	Year ended 31-Dec-22						2021
	Salaries	Bonus & Commission	Car Benefit	Pension	Benefit in Kind	Total	Total
S P G Lee	50,000	-	-	-	-	50,000	46,667
D A Guyatt	144,876	157,817	12,000	12,200	-	326,893	194,302
R G Hutton	84,333	70,143	7,000	28,967	420	190,863	117,142
S Purdham	25,000	-	-	-	1,057	26,057	24,167
S E H Hember	19,000	-	-	1,600	-	20,600	19,913
Total	323,209	227,960	19,000	42,767	1,477	614,413	402,190

The figures in the table above are exclusive of Employer's National Insurance but inclusive of Employer's pension contributions.

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

	Group	
	Year ended 31-Dec-22	Year ended 31-Dec-21
Defined contribution schemes	3	3

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

The remuneration of key management is as follows:

	Group	
	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
Remuneration	1,095,081	864,518
Social security costs	148,162	108,330
Pension contributions	73,588	57,317
Total key management personnel compensation	1,316,831	1,030,166

Osirium currently has no post-employment benefits other than the defined contribution pension scheme which all employees are eligible for.

The directors' interest in share options is as follows:

	Award date	Price on award date	Exercise price	Options at 31/12/2022	Exercisable from
S P G Lee	42,466	1.56	58p	120,000	43,830
	44,169	0.04	35p	26,125	45,995
			146,125		
D A Guyatt	42,466	1.56	58p	410,100	43,830
	42,466	1.56	41p	176,316	43,830
	44,169	0.04	35p	475,000	45,995
			1,061,416		
R G Hutton	44,169	0.04	35p	147,250	45,995
S Purdham	44,169	0.04	35p	26,125	45,995
S Hember	44,169	0.04	35p	26,125	45,995

No directors exercised any share options in the year (2021: none)

5. Loss from Operations

This is stated after charging/ (crediting):

	Group	
	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
Amortisation	1,766,120	1,615,169
Depreciation of fixtures and fittings	684	1,105
Depreciation of computer equipment	39,396	47,306
Depreciation of right-of-use assets	35,185	49,063
Loss on disposal of fixed assets	-	(208)
Foreign exchange differences	(3,718)	10,768

The group paid the following amounts to its auditors PKF Littlejohn LLP in respect of services provided during the year:

	Group	
	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21(£)
Auditors remuneration for these accounts	37,500	34,000
Auditors remuneration for other services		
Interim review fee	-	2,000
Total	37,500	36,000

6. Net Finance Costs

	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
Loan note interest	202,500	191,257
Lease interest	27,201	5,773
Total	229,701	197,030

The company had no finance income in the year (2021: £nil).

7. Income Tax

Analysis of Tax Income

	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
Current Tax:		
Tax	(640,860)	(594,562)
Adjustment for prior year tax	-	-
Total current tax	(640,860)	(594,562)
Total credit in the statement of comprehensive income	(640,860)	(594,562)

For the year ended 31 December 2021 successful R&D tax claims were submitted and paid by HM Revenue & Customs. Management intends to submit similar claims for the 2022 financial year.

Factors Affecting the Tax Income

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

	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
Loss before tax	(3,585,841)	(3,427,863)
Loss before tax multiplied by the applicable	-	-
Rate of corporation tax of 19% (2019: 19%)	(681,310)	(651,294)
Expenses not deductible for tax purposes	-	-
Unrelieved tax losses	681,310	651,294
Adjustment for prior year tax	-	-
R&D tax credit relief	(640,860)	(594,562)
Tax Income	(640,860)	(594,562)

As at 31 December 2022 the group had unutilised tax losses of £12,859,074 (31 December 2021: £10,819,902) available to offset against future profits. A deferred tax asset has been recognised in respect of tax losses carried forward to the extent that it offsets the deferred tax liabilities in respect of research and development credits and accelerated capital allowances (see note 21).

An increase in the UK corporate tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 14 May 2021.

8. Earnings per Share

Earnings per share has been calculated using the following methodology:

	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
Weighted average no. of shares in issue	49,563,959	25,857,807
Weighted average no. of shares for the purposes of basic earnings per share	49,563,959	25,857,807
Effect of dilutive potential ordinary shares:		
Share options	-	-
Weighted average no. of shares for the purposes of diluted earnings per share	49,563,959	25,857,807
Basic losses attributable to equity shareholders	(2,944,981)	(2,833,301)
Losses for the purposes of diluted earnings per share	(2,944,981)	(2,833,301)
Basic loss per share	(6)p	(11)p
Diluted loss per share	(6)p	(11)p

Basic losses per share are calculated by dividing the losses attributable to ordinary shareholder by the number of weighted average ordinary shares during the year. Following Share option grants in the period on 14 October 2020 and 4 December 2020, at 31 December 2022, there were 2,979,425 share options outstanding that could potentially dilute basic earnings or losses per share in the future, but are not included in the calculation of diluted losses per share because they are anti-dilutive for the years presented.

9. Intangible Fixed Assets

	Development (£)
Cost	
At 1 January 2021	9,498,975
Additions to 31 December 2021	1,851,024
At 1 January 2022	11,349,999
Additions to 31 December 2022	1,960,912
At 31 December 2022	13,310,911
Amortisation	
At 1 January 2021	6,163,520
Charge to 31 December 2021	1,629,169
At 1 January 2022	7,792,689
Charge to 31 December 2022	1,766,120
At 31 December 2022	9,558,809
Net book value	
At 31 December 2021	3,557,310
At 31 December 2022	3,752,102

All development costs are amortised over their estimated useful lives, which is on average 5 years. This reflects the management's best estimate of the period of time over which the group will benefit from the amounts capitalised. All amortisation has been charged to administrative expenses in the consolidated statement of comprehensive income. The company had no intangible fixed assets as at 31 December 2022.

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10. Property, Plant & Equipment

	Fixtures and Fittings (£)	Computer Equipment (£)	Totals (£)
Cost			
At 31 December 2020	17,753	286,194	303,947
Additions	-	37,469	37,469
Disposal	-	(959)	(959)
At 31 December 2021	17,753	322,704	340,456
Additions	780	14,429	15,209
Disposal	-	-	-
At 31 December 2022	18,533	337,133	355,665
Depreciation			
At 31 December 2020	13,015	197,490	210,505
Charge for year	1,105	47,306	48,410
Depreciation eliminated on disposal	-	(959)	(959)
At 31 December 2021	17,031	243,837	257,957
Charge for year	684	39,265	39,949
Depreciation eliminated on disposal	-	-	-
At 31 December 2022	17,715	283,102	300,817
Net Book Value			
At 31 December 2021	721	78,867	82,500
At 31 December 2022	817	54,031	54,848

The company had no property, plant & equipment as at 31 December 2022.
Depreciation is charged to administrative costs in the consolidated statement of comprehensive income.

11. Right of Use Assets

	Leases & Buildings (£)
Cost	
At 31 December 2020	159,455
Additions	-
At 31 December 2021	159,455
Additions	234,569
Disposals	(159,455)
At 31 December 2022	234,569
Depreciation	
At 31 December 2020	49,063
Charge for year	49,063
At 31 December 2021	147,189
Charge for year	47,451
Depreciation eliminated on disposal	(159,455)
At 31 December 2022	35,185
Net Book Value	
At 31 December 2021	12,266
At 31 December 2022	199,384

The group leases land and buildings for its office under an agreement for 5 years running from 2022 to 2027.

12. Investment in Subsidiary

Osirium Technologies PLC has the following investment in a subsidiary:

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

Osirium Limited's business activities are the development, sale and consultancy services related to the company's own software products.

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

	Osirium Limited	
	31 Dec 2022 (£)	31 Dec 2021 (£)
Net book value of investment in subsidiary	354,445	354,445

13. Trade and Other Receivables

	Group		Company	
	As at 31-Dec-22 (£)	As at 31-Dec-21 (£)	As at 31-Dec-22 (£)	As at 31-Dec-21 (£)
Current:				
Trade receivables	143,052	329,965	-	-
Other receivables	632,190	594,562	-	-
Prepayments	131,456	157,733	201	6,884
Amounts due from group undertakings	-	-	3,130,367	2,463,625
	906,698	1,082,260	3,130,568	2,470,509

As at 31 December 2022 Osirium had no material receivables past due but not impaired (31 December 2021: £nil). The directors have made an assessment on the amounts due from group undertakings under IFRS 9 for impairment of financial assets. As Osirium is loss making and the likelihood is that a proportion of the amount due from the group undertaking will not be received, the directors have deemed it prudent to account for an impairment of £1,826,916 (2021: £1,595,620) with this being looked at every 12 months on a continuous basis. The Directors consider that the carrying value of trade and other receivables approximates their fair value.

Allowance for Expected Credit Losses on Trade Receivables

The group has assessed the expected credit losses for the year ended 31 December 2022 and concluded that there is no material impairment against trade receivables.

14. Cash and Cash Equivalents

	Group		Company	
	As at 31-Dec-22 (£)	As at 31-Dec-21 (£)	As at 31-Dec-22 (£)	As at 31-Dec-21 (£)
Cash and cash equivalents	1,081,135	383,854	1,008,165	244,582

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

15. Reconciliation of Loss before Income Tax to Cash Used in Operations

	Group		Company	
	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
Loss before tax	(3,585,841)	(3,427,863)	(1,059,337)	(2,578,457)
Depreciation charges	75,265	97,291	-	-
Amortisation charges	1,766,120	1,615,249	-	-
Share option charge	13,988	13,988	13,988	13,988
Profit on disposal of fixed assets	-	(208)	-	-
Net finance costs	229,701	197,030	202,500	191,257
	(1,500,767)	(1,504,513)	(842,849)	(2,373,212)
(Increase)/decrease in trade and other receivables	213,190	(260,689)	(660,059)	(323,497)
Increase/(decrease) in trade and other payables	1,148,862	69,911	32,085	44,382
Cash used in operations	(138,715)	(1,695,291)	(1,470,823)	(2,652,328)

16. Trade and Other Payables

	Group		Company	
	As at 31-Dec-22 (£)	As at 31-Dec-21 (£)	As at 31-Dec-22 (£)	As at 31-Dec-21 (£)
Current:				
Trade payables	155,323	209,027	8,068	79,275
Social security and other taxes	164,797	124,943	-	-
Other creditors	32,184	29,160	-	-
Accruals and deferred income	2,955,008	1,795,320	170,723	67,435
	3,307,313	2,158,450	178,792	146,710

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.

17. Lease Liabilities

	Group	
	As at 31-Dec-22 (£)	As at 31-Dec-21 (£)
Current		
Lease liability	45,216	15,765
Non- current		
Lease liability	194,660	-

18. Borrowings

Non-current liabilities – borrowings

	2022 (£)	2021 (£)
Balance at 1 January	2,708,886	2,502,883
Re-allocation of prepayments	14,746	14,746
Interest payable	202,500	191,257
Balance at 31 December	2,926,134	2,708,886

On 21 October 2019 the consolidated entity issued 270 7.5% convertible notes, with a face value of £10,000 each, for total proceeds of £2,700,000. Interest is paid on the redemption date at a rate of 7.5% per annum based on the face value. The notes are convertible into ordinary shares of the parent entity, at any time at the option of the holder, or repayable on 28 October 2024. The Conversion Rate is whichever of the following ratios includes the lowest principal amount of Notes to be converted into 1 Ordinary Share: 40p principal amount of Notes for each 1 Ordinary Share; and In the case of an Exit Event: (a) an amount (in pence) of principal amount of Notes which is equal to the price per Ordinary Share determined by the Exit Event, less a discount of 25% for each 1 Ordinary Share; and (b) an amount (in pence) of principal amount of Notes which is equal to the placing price of the most recent placing by the Company of Ordinary Shares prior to the Exit Event, less a discount of 25% for each 1 Ordinary Share; and In the case of a Corporate Event or Early Conversion Event, an amount (in pence) of principal amount of Notes which is equal to the placing price of the most recent placing by the Company of Ordinary Shares prior to the Corporate Event or Early Conversion Event (as applicable); and In the case of a Redemption Conversion: (a) An amount (in pence) of principal amount of Notes which is equal to the placing price of the most recent placing by the Company of Ordinary Shares prior to the Redemption Conversion; and (b) An amount (in pence) equal to the average quoted mid-market price of Ordinary Shares over the 90 Business Days immediately preceding the Redemption Conversion.

19. Called up Share Capital

Allotted, issued and fully paid.

Nominal Value £0.01 per share	No. of shares	£
On incorporation on 3 November 2015	100	1
Shares issued as consideration for Osirium Limited on 6 April 2016	6,548,102	65,481
Shares issued on listing on AIM Exchange on 15 April 2016	3,846,153	38,462
Shares issued on AIM Exchange on 28 March 2018	3,159,856	31,599
Shares issued on AIM Exchange on 25 October 2019	5,941,444	59,413
Share capital at 31 December 2019	19,495,655	194,955
Share capital at 31 December 2020	19,495,655	194,955
Shares issued on AIM Exchange on 28 April 2021	3,899,100	38,991
Shares issued on AIM Exchange on 18 May 2021	5,987,259	59,873
Share capital at 31 December 2021	29,382,014	293,819
Shares issued on AIM Exchange on 7 March 2022	5,175,950	51,760
Shares issued on AIM Exchange on 10 March 2022	11,490,717	114,907
Shares issued on AIM Exchange on 25 November 2022	9,209,700	92,097
Subscription shares issued in December 2022	67,290,300	672,903
Share capital at 31 December 2022	122,548,681	1,225,487

Voting rights

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

Dividend rights

Each share ranks equally for any dividend declared.

20. Reserves

Share Premium

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

Share Option Reserve

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

Merger Reserve

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

Retained Earnings

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

Convertible Note Reserve

The convertible note reserve represents the equity element of the loan notes that were raised in previous year.

21. Deferred Tax

	As at 01-Jan-22 (£)	Movement in year (£)	As at 31-Dec-22 (£)
Accelerated capital allowances	17,452	30,852	48,304
Research and development tax credits	675,889	37,010	712,899
Tax losses	(693,341)	(67,863)	(761,204)
	-	-	-

Deferred tax of £761,204 is provided at 31 December 2022 (2021: £693,341) in respect of timing differences arising on the recognition of development costs and other fixed assets with a net book value of £4,006,334 (2021: £3,649,164).

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

22. Financial Risk Management

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

Financial Instruments Risk

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

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

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

Credit Risk

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

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

Liquidity Risk

Liquidity risk is the risk that Osirium will not be able to meet its financial obligations as they fall due. Osirium's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to Osirium's reputation. The Directors manage liquidity risk by regularly reviewing Osirium's cash requirements by reference to short term cash flow forecasts and medium term working capital projections prepared by the Directors.

Consolidated Maturity of Financial Assets and Liabilities

At 31 Dec 2021					
	Less than 1 month (£)	1 month to 1 year (£)	Greater than 1 year (£)	No stated maturity (£)	Total (£)
Financial Assets:					
Loans and receivables					
Trade and other receivables	329,965	-	-	-	329,965
Cash and cash equivalents	383,854	-	-	-	383,854
Total	713,819	-	-	-	713,819
Financial Liabilities:					
Financial liabilities amortised at cost					
Trade & other payables	378,896	-	-	-	378,896
Total	378,896	-	-	-	378,896
As at 31 Dec 2022					
	Less than 1 month (£)	1 month to 1 year (£)	Greater than 1 year (£)	No stated maturity (£)	Total (£)
Financial Assets:					
Loans and receivables					
Trade and other receivables	143,052	-	-	-	143,052
Cash and cash equivalents	1,081,135	-	-	-	1,081,135
Total	1,224,188	-	-	-	1,224,188
Financial Liabilities:					
Financial liabilities amortised at cost					
Trade & other payables	397,520	-	-	-	397,520
Total	397,520	-	-	-	397,520

Company maturity of financial assets and liabilities

At 31 Dec 2021					
	Less than 1 month (£)	1 month to 1 year (£)	Greater than 1 year (£)	No stated maturity (£)	Total (£)
Financial Assets:					
Loans and receivables					
Trade and other receivables	-	4,059,245	-	-	4,059,245
Cash and cash equivalents	244,582	-	-	-	244,582
Total	244,582	4,059,245	-	-	4,303,826
Financial Liabilities:					
Financial liabilities amortised at cost					
Trade and other payables	146,710	-	-	-	146,710
Total	146,710	-	-	-	146,710
As at 31 Dec 2022					
	Less than 1 month (£)	1 month to 1 year (£)	Greater than 1 year (£)	No stated maturity (£)	Total (£)
Financial Assets:					
Loans and receivables					
Trade and other receivables	-	3,130,367	-	-	3,130,367
Cash and cash equivalents	1,008,165	-	-	-	1,008,165
Total	1,008,165	3,130,367	-	-	4,138,531
Financial Liabilities:					
Financial liabilities amortised at cost					
Trade and other payables	178,792	-	-	-	178,792
Total	178,792	-	-	-	178,792

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

23. 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).

24. Related Party Disclosures

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

	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
S P G Lee	-	72
D A Guyatt	-	1,638
R G Hutton	-	-
S Purdham	-	-
K L Pearce	-	-

Total expenses claimed in the year were as follows:

	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
S P G Lee	-	72
D A Guyatt	425	3,816
R G Hutton	-	-
S Purdham	-	-
K L Pearce	251	117

Directors' remuneration has been disclosed in Note 4.
Catherine Jamieson, a spouse of a director, was paid a total salary of £159,614 (2021: £110,084). Amounts owed to Catherine Jamieson as at 31 December 2022 were £nil (2021: £nil).
Tom Guyatt, an employee of Osirium Limited and son of a Director, was paid a gross salary of £ 108,134in 2022 (2021: £94,999). Amounts owed to Tom Guyatt as at 31 December 2022 were £nil (2021: £nil).
Simon Hember is also a director in Red Snapper Recruitment Limited which invoiced Osirium Limited £21,000 (2021: £nil) in the year. There was £nil owing to Red Snapper Recruitment Limited as at 31 December 2022 (2021: £nil).

Related party share options issued:

	Year ended 31-Dec-22 (£)	Year ended 31-Dec-21 (£)
S P G Lee (Non-executive chairman)	146,125	146,125
D A Guyatt (Chief executive officer)	1,061,416	1,061,416
R G Hutton (Chief financial officer)	147,250	147,250
S Purdham (Non-exectuive director)	26,125	26,125
S Hember (Non-executive director)	26,125	26,125
K L Pearce (Director in Osirium Limited)	360,634	360,634
C Jamieson (spouse of director)	180,000	180,000
T Guyatt (son of director)	85,500	85,500

25. Share Options

The company issues equity-settled share based payments to certain employees of the group under which the group receives services as consideration for equity instruments (options). Options are exercisable at 35p, 42p, 58p, £1.90 and £1.92 per share.

	At 31 Dec 2022		At 31 Dec 2021	
	Options	Weighted average exercise price (£)	Options	Weighted average exercise price (£)
Granted 6 April 2016	374,046	0.42	374,046	0.42
Granted 6 April 2016	739,254	0.58	739,254	0.58
Granted 12 September 2016	584,673	1.90	584,673	1.90
Granted 26 September 2016	25,985	1.92	25,985	1.92
Granted 14 October 2020	985,500	0.35	985,500	0.35
Granted 4 December 2020	880,625	0.35	880,625	0.35
Forfeited during the year	(610,658)	(3.82)	(610,658)	(3.82)
Exercised during the year	-	-	-	-
Outstanding at 31 December 2022	2,979,425	0.42	2,979,425	1.21
Exercisable at 31 December 2022	-	-	-	-

As at 31 December 2022 none of the share options have been exercised.
The vesting conditions of the share options issued prior to the year ended 31 December 2020 require the group to achieve a turnover target of £12m.
The vesting conditions of the share options issued in the year to 31 December 2020 require the Total Shareholder Return (TSR) is met. The TSR condition is based on the volume weighted average share price (VWAP) over the preceding 30 days.

The estimated fair value of the options granted in the 2016 financial year were calculated by using the Black-Scholes model with the fair value of the options granted in the year to 31 December 2020 being estimated using a Monte Carlo Simulation. The following inputs were used:

Grant Date:	06-Apr-16	06-Apr-16	14-Oct-20	04-Dec-20
Weighted average share price	£1.56	£1.56	£0.23	£0.22
Weighted average exercise price	0.58p	0.42p	0.35p	0.35p
Expected volatility	40%	40%	78%	78%
Expected life	3.74 yrs	3.74 yrs	5 yrs	5 yrs
Risk free rate	0.50%	0.50%	0.65%	0.61%
Expected dividend yield	0%	0%	0%	0%

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

In the year ended 31 December 2022 the share based payment charge is £13,988 (year ended 31 December 2021: £13,988) in relation to the options granted on 14 October 2020 and 4 December 2020. The share based payment charge has been charged to administrative expenses in the statement of comprehensive income and total comprehensive loss.

The charge for the prior years is in relation to the remaining value of the pre-existing share options in Osirium Limited which were replaced by the options in Osirium Technologies Plc issued at 6 April 2016. No charge has been recognised in respect of options granted in the year to 31 December 2016 due to a combination of the share option exercise price being well above the historical average share price and the uncertain timing of the meeting of all vesting conditions, including group turnover of £12,000,000.

26. Ultimate Controlling Party

As at 31 December 2022 Osirium Technologies Plc had no ultimate controlling party.

27. Contingent Liability

The company is included in a group registration for VAT purposes with its fellow subsidiary. All members of the VAT group are jointly and severally liable for the total amount of VAT due and at 31 December 2022, the contingent liability in respect of this group registration was £30,408 (2021: £20,897).

Part 4

Notice of Annual General Meeting

Osirium Technologies plc

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 2023 Annual General Meeting of Osirium Technologies plc (the "Company") will be held at the Company's offices at Theale Court, 11-13 High Street, Theale, RG7 5AH at 11:00 am on Tuesday, 9 May 2023 for the purpose of considering and, if thought fit, passing the following resolutions of which Resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions and Resolution 6 will be proposed as a special resolution:

Ordinary Resolutions

1. THAT the Company's annual accounts for the financial year ended 31 December 2022 together with the Directors' Report and Auditor's Report on those accounts be received, considered and adopted.

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

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

4. THAT the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to allot shares (or to grant rights to subscribe for or to convert any security into shares) in the Company for all and any purposes approved by the Directors, up to an aggregate nominal value equal to the sum of £816,991, representing two-thirds of the Company's issued share capital at the date of this Notice, plus such additional amount as may be required for the allotment of ordinary shares of £0.01 each in the capital of the Company to satisfy the conversion of loan notes issued under the terms of the Note instrument dated 21 October 2019 of the Company constituting up to £2,700,000 Convertible Unsecured 7.5% Notes due 2024 and so that such authority shall, save to the extent that it is earlier renewed or extended by resolution passed at a general meeting, expire 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution but the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require shares (or rights to subscribe for or to convert any security into shares) in the Company to be allotted after the expiry thereof and the Directors may allot shares (or grant rights) in pursuance of such offer or agreement notwithstanding the expiry of the authority given by this resolution.

5. THAT the directors are authorised to make such amendments to the Rules of the Company's Enterprise Management Incentive (EMI) Share Option Plan 2020 – 2025 adopted by resolution of the Board on 31 March 2020 (the "Scheme Rules") as may be required to permit at the discretion of the Board:

   (a) grant of options at an exercise price of not less than the "Market Price" (as defined under the Scheme Rules) of the Company's shares on the date of grant, without any minimum price per share;

   (b) grant of options subject to such exercise conditions, if any, as may be specified at the time of grant, without any requirement to impose conditions by reference to growth in the market price of the Company's shares over the vesting period of the relevant options;

   (c) exercise of options at any time after option grant, without any requirement to defer exercise until after the 2nd anniversary of option grant; and

(d) exercise of options during a period of up to 10 years from option grant, increasing the current maximum period for option exercise of 5 years from the date of option grant; and

(e) exercise of options by an option holder who has ceased to be employed or engaged by the Company or any subsidiary of the Company (or the estate of a deceased option holder who has died) for a period of up to 5 years after option grant.

Special Resolution

6. THAT, subject to and conditional upon the passing of Resolution 4 above and in addition to any existing authorities in that regard, the Directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560(1) of the Act) which are the subject of the authority given in accordance with Resolution 4 above for cash, as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the grant of options to subscribe, and the allotment of, ordinary shares of £0.01 each in the capital of the Company pursuant to (i) the Osirium Technologies plc Enterprise Management Incentive (EMI) Share Option Plan 2016 adopted by resolution of the Board on 6 April 2016 and (ii) the Osirium Technologies plc Enterprise Management Incentive (EMI) Share Option Plan 2020 – 2025 adopted by resolution of the Board on 31 March 2020;

(b) the allotment of ordinary shares of £0.01 each in the capital of the Company pursuant to conversion of loan notes issued under the terms of the Note instrument dated 21 October 2019 of the Company constituting up to £2,700,000 Convertible Unsecured 7.5% Notes due 2024; and

(c) the allotment otherwise than pursuant to sub-paragraphs (a) and (b) above of equity securities up to an aggregate nominal value of £245,097, representing 20% of the Company's issued share capital at the date of this Notice.

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

By order of the Board,
Martin Kay, Company Secretary

Notes:

1. As at 3 April 2023 (being the latest practicable date before publication of this document), the issued share capital of the Company comprised 122,548,681 ordinary shares of 1 pence each and the total number of voting rights was 122,548,681. There are no shares in the capital of the Company held by the Company in treasury.

2. Shareholders entitled to attend and vote at the Annual General Meeting are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote (including on a poll) on their behalf at the meeting and at any adjournment of it. A personalised form of proxy will be sent to shareholders and a form for use is also available for download at www.osirium.com/investors/reports-accounts/ (the "Form of Proxy"). A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Each proxy should be appointed by a separate Form of Proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of ordinary shares held by you). Alternatively, shareholders can appoint a proxy electronically at www.sharegateway.co.uk using the personal proxy registration code as shown on their Form of Proxy.

3. It is currently envisaged that the Annual General Meeting will be run as an open meeting. However, the Company reserves the right to put in place appropriate COVID-19 security measures, including maintaining social distancing, the wearing of face coverings where appropriate, mandatory temperature checks as a condition of admission or requiring attendees to produce a recent, valid COVID-19 negative test result, and asking attendees to confirm that they (or members of their household, support bubble or childcare bubble etc.) have not recently developed symptoms or been exposed to someone who has tested positive or is displaying symptoms.

4. Shareholders are encouraged to vote by proxy and appoint the Chairman of the meeting as their proxy for this purpose (rather than their own choice of person) to ensure that their vote is counted if they are unable to attend the meeting.

5. To be valid any Form of Proxy or other instrument appointing a proxy must be received by post at, or (during normal business hours) delivered by hand to, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD by no later than 11:00 am on Thursday, 4 May 2023, together with, if appropriate, the original power of attorney or other authority (if any) under which the Form of Proxy is signed or a duly certified copy of that power or authority. In the case of a corporation, the Form of Proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised. If, as an alternative to completing your hard-copy proxy form, you appoint a proxy electronically at www.sharegateway.co.uk, using the personal proxy registration code as shown on your Form of Proxy, to be valid your appointment must be received by no later than 11:00 am on Thursday, 4 May 2023.

6. The return of a completed Form of Proxy or other such instrument will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so. Any shareholder who appoints a proxy but who attends in person shall have his/her proxy terminated automatically. If a shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

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

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

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9. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the Company's register of members at the close of business on Thursday, 4 May 2023 (or, in the event of any adjournment, at the close of business on the date which is two business days before the time of the adjourned meeting) shall be entitled to attend, speak and vote at the Annual General Meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Further Explanatory Notes:

Resolution 3

Under the Company' articles of association directors are required to retire every three years. Simon Hember was last re-elected in 2020 and, accordingly, retires at this year's AGM and is standing for re-election. If re-elected he will not be required to stand for re-election until 2026.

Simon's brief biographical details can be viewed at www.osirium.com/osirium/people/simon-hember.

Resolution 4

Resolution 4 seeks renewal of the authority of the Directors to allot shares in the capital of the Company (or to grant rights to subscribe for or convert any securities into shares in the capital of the Company) up to two-thirds of the Company's issued share capital at the date of this Notice in line with guidance issued by the Investment Association plus an additional amount to authorise allotment of shares to satisfy conversion of the Company's £2,700,000 Convertible Unsecured 7.5% Notes due 2024 issued under the Convertible Loan Note Instrument of the Company dated 21 October 2019 (the "Company's CLNs"). This authority will expire 15 months after the passing of the resolution or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of the resolution.

Resolution 5

Resolution 5 seeks shareholder authority for the directors to make amendments to the Rules (the "Scheme Rules") of the Company's Enterprise Management Incentive (EMI) Share Option Plan 2020 – 2025 (the "2020 Plan"), as described below.

The Directors believe that it is essential that the Company's share option arrangements continue to incentivise directors and staff to drive the Company's future growth and share value and that the Company's 2020 Plan is not effective to provide that incentive because it currently:

(a) requires grant of options at a minimum option exercise price (35p per share) which no longer reflects the Company's current share price;

(b) contemplates grant of options subject to exercise conditions which reference growth in the market price of the Company's shares which do not reflect current market conditions;

(c) requires a minimum option vesting period of two years after option grant, without reference to any period of previous employment/ engagement; and

(d) limits option exercise to a maximum period of 5 years from option grant;

(e) only permits exercise of options by an option holder who has ceased to be employed or engaged by the Company (a "leaver") for a period of up to 6 months after the date of such cessation, without empowering the directors to extend such period when they consider appropriate to do so in the interests of the Company.

Accordingly the Directors propose amendments to the scheme to address each of these limitations and to confer wider discretion on the board to grant options at no greater amount than the market value of the Company's shares at the date of grant, and exercisable on conditions and at vesting periods which they regard as more aligned with the interests of the Company to provide meaningful and achievable incentives to the Company's directors and staff.

If these amendments are approved, and as announced on 3 April 2023, the Directors propose to grant new options to directors and staff at an exercise price determined by reference to current market value of the Company's shares, effectively to replace current under-water options which are currently exercisable at 35p per share or more (which would be surrendered), subject to vesting over 3 years from grant in equal one-third proportions and with an exercise period of up to 10 years from grant.

The Board would only intend to permit exercise of options by a leaver if the leaver left in circumstances where the Board considered it fair and reasonable to permit option exercise for an extended period (up to 5 years) from departure and exercising such discretion facilitated negotiation of terms of departure, where applicable.

Resolution 6

Resolution 6 seeks disapplication of shareholders' pre-emption rights in relation to:

(a) option grants under the Company's share option scheme adopted at the time of its IPO in 2016 and the 2020 Plan;

(b) share issues on conversion of the Company's CLNs; and

(c) share issues for cash up to a nominal value of £ 245,097 representing 20% of the Company's issued share capital as at today's date and in line with the Pre-Emption Group 1 April 2020 statement to permit flexibility for small non-pre-emptive fundraisings.

This authority will expire 15 months after the passing of the resolution or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of the resolution.

Part 5

Company Information

Directors	• Directors • D.A. Guyatt • S McGregor • R.G. Hutton • S.P.G. Lee • S.E.H. Hember
Company Secretary	M. Kay
Registered Office	One Central Square Cardiff CF10 1FS
Registered Number	09854713 (England & Wales)
Accountants	Randall & Payne LLP Chargrove House Shurdington Road Cheltenham Gloucestershire GL51 4GA
Independent Auditor	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD United Kingdom
Nomad & Broker	Allenby Capital Limited 5 St Helen's Place London EC3A 6AB
Solicitors	Blake Morgan LLP Six New Street Square London EC4A 3DJ

About Osirium

Osirium is the UK's innovator in Privileged Access Management. Founded in 2008 and with its HQ in the UK, near Reading, Osirium's management team has been helping thousands of organisations over the past 25 years protect and transform their IT security services.

The Osirium team have intelligently combined the latest generation of cyber security and automation technology to create the world's first, built-for-purpose, Privileged Account management and process automation solution.

Tried and tested by some of the world's biggest brands and public-sector bodies, Osirium helps organisations drive down business risks, operational costs and meet IT compliance needs.

OSIRIUM

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