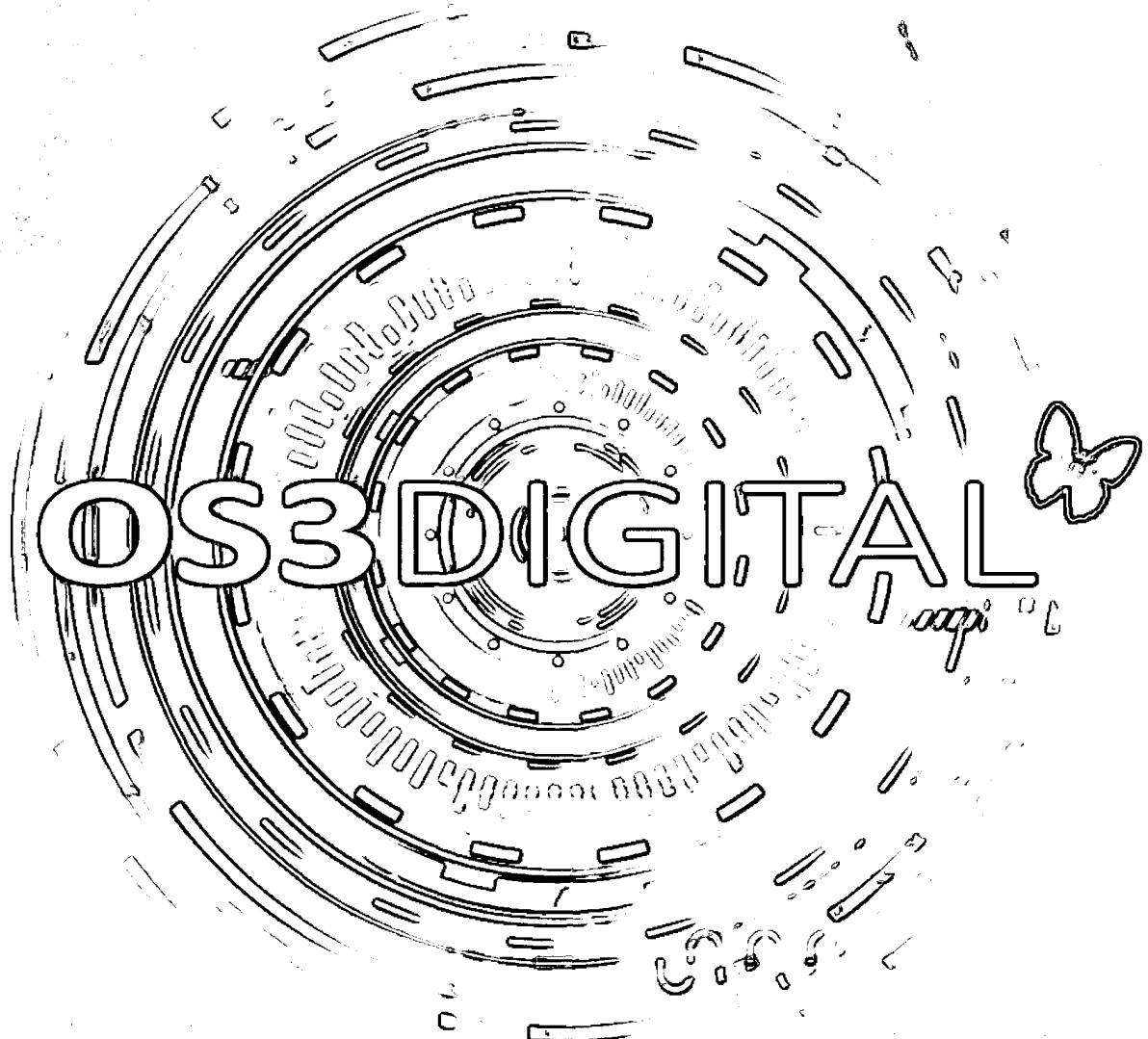


OS3DIGITAL

CONSULTING • SOFTWARE • SERVICES

Enabling Market and Digital Transformation



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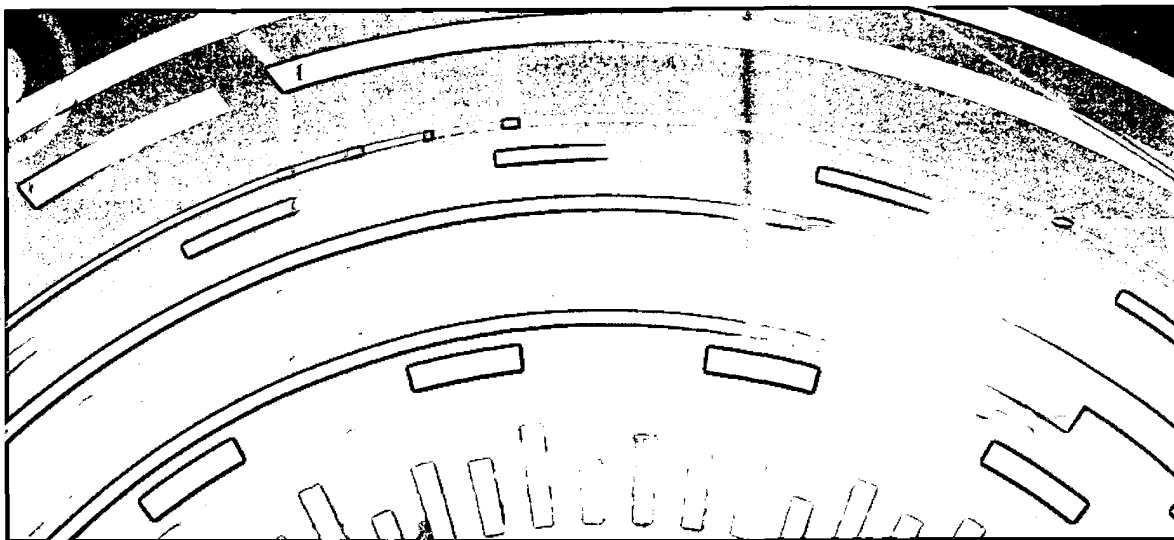
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COMPANIES HOUSE

ANNUAL REPORT 2019

OS3 Digital Limited



At a Glance

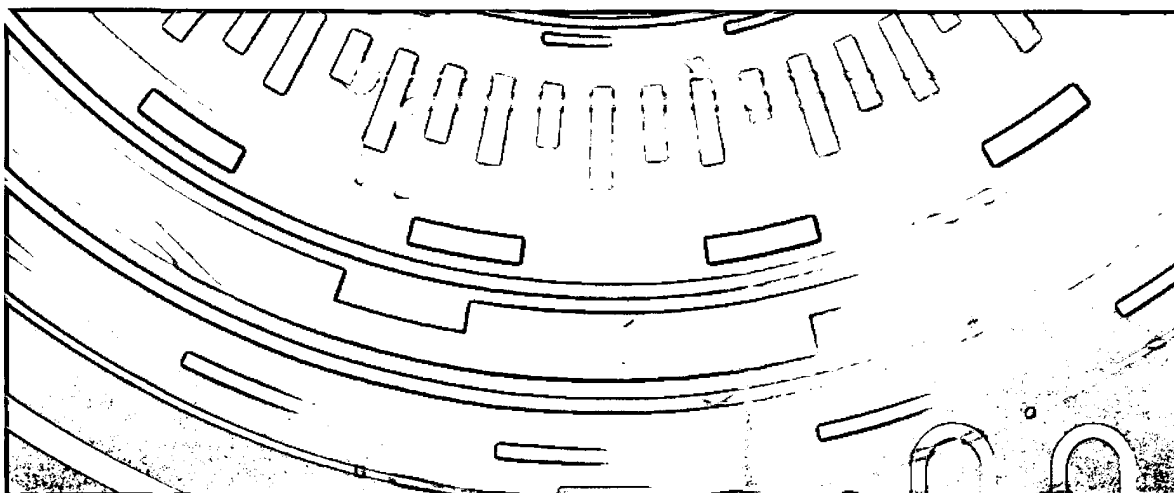
2019 Key Performance Indicators

£100+↑ 25%+

Share Price Target for Initial Public Offering increased by 25%+ to £100+ previous target set in July 2017 at £80+

£25+↑ 50%+

Equity issue average price for investments was £25 per share an increase of 65%+ from prior average of £15



OS3 consulting, software and services strategy to enable digital transformation

Chairman's Report

I am pleased to announce the full year results for OS3 Digital ("OS3") for the period ended 31 December 2019 along with the outcomes from our Strategic Review, announced on 1 August 2019.

Prior to the conclusion of this Strategic Review OS3 focused on a strategy to build a high growth, digitally disruptive, technology-based business targeting a £1bn+ valuation if an Initial Public Offering ("IPO") is to be considered. This remains the case. In addition, as was originally envisaged within OS3's initial Private Placement Memorandums ("PPMs"), through which the vast majority of OS3's shareholders invested, OS3 now intends to proactively use its resources, and those of its founders via loan notes, to generate investment returns focusing on undervalued short term liquid investments, longer term equity investments which were included in the PPMs, and/or new investments that the Board now consider to be of long-term benefit to all shareholders.

During its incubation and growth phases OS3 has had the facility to use loan notes from its founders to support the business and fund acquisition activity as and when needed. Despite the capital-intensive nature of these phases, OS3 has not previously had a significant requirement to call on this facility. However, at the request of the Board in early 2020 I arranged for the provision of a significant loan note facility, initially for up to £5m, which could be called down in tranches as agreed with its provider. This loan note would act as a bridging facility for the cash

due from a strategic investor (who invested £5m at a valuation of £25 per share) who was granted deferred payment terms for some of this consideration.

At the end of September 2020 in line with the emerging conclusions of the Strategic Review, the Board decided to draw down the full £5m from this facility to take advantage of short-term investment opportunities. The majority of these funds have now been deployed into liquid investments. If the Board deems it desirable further funds can also be made available on the same basis.

An IPO in North America remains a consideration for the Board if and when valuation metrics can be met in a post COVID-19 world. In the meantime, and following the conclusion of the Strategic Review, the Board will be structured to best facilitate its overall strategy as a private company with a focus of ultimately paying a progressive dividend.

Our plan to conduct a Strategic Review was announced on 1 August 2019, along with several Board changes. The aim was to encompass all aspects of the business and the Board agreed to consider whether any further Board changes were required to meet its goals. During the work on the Strategic Review I confirmed to the Board that my personal circumstances which had caused me to step back from the role of Chairman and Group Chief Executive had been sufficiently resolved. This enabled me to return to the role of Executive Chairman, though

my time commitment shall be reduced compared to when I also held the role of Group Chief Executive.

The results of the Strategic Review are summarised below:

- As originally specified in OS3's PPMs the target was to maintain a fully diluted share count, including incentives, of below 10m shares. The Board remains comfortable that the original maximum shares in issue target remains achievable.
- That large one-time licence sales should no longer be pursued or be considered as key to OS3's strategy as a consequence of previously highlighted factors and the accelerated adoption of digital strategies and SaaS-based solutions caused by the COVID-19 pandemic.
 - In fact, it is now widely recognised that COVID-19 has accelerated the adoption of SaaS-based digital platforms by approximately four years compared to previous market expectations set by leading industry analysts. This trend is clearly fundamental to our future strategy. As the previous carrying value of the investment in OS3 Digital Platform and its associated distribution partners was based in part upon the successful sale of large one-time licences, the Strategic Review concluded that a significant exceptional provision should be taken against the carrying value of these investments.
- An exceptional one-time non-cash provision of c.£14.3m should be taken within the 2019 accounts. Of this total provision, c.£9m is currently anticipated by the Board to be able to be released over time once profit contributions from the OS3 Digital Platform, purely from SaaS-based revenues, reach a sufficient level to justify doing so. It should be noted that if

the profit contribution relating to one-time licence fees from business partners was taken into consideration then a significantly smaller provision, or possibly no provision at all, would have been deemed necessary to have been taken. However, the remaining c.£5.3m of this total provision also has the potential of being released in the future, but the conditions which would justify any release for this provision are outside of the control of OS3 as this £5.3m relates primarily to investments in partners where the Board is unable to exercise direct control. These circumstances result in none of this exceptional provision being available to reduce OS3's liability to taxation, and therefore adjusted profit before tax as shown below is a more accurate measure for this purpose. However, due to disposals which occurred in 2019, without the loss of any of OS3's brand or Intellectual Property Rights, c.£7.7m of prior year provisions are now realised and therefore available to be used to offset any current period or future taxation.

- Even though this one-time non-cash provision has reduced the carrying value on the balance sheet for the OS3 Digital Platform asset, the fundamental value of the asset, once proven in this new-world model, should be no less significant than it was previously. As stated, it is the Board's intention to release this provision once empirical evidence exists of future profitability being delivered from this asset. The Strategic Review also concludes that future investment which is recognised to be necessary to optimise the asset for this new-world model will also be provisioned but only if it were to increase the total balance sheet value of this asset beyond £5m before empirical evidence is available, to ensure prudence is maintained.

- As it is no longer the strategy of OS3 to sell one-time perpetual licences, but rather a SaaS-based model, either on a set transactional cost, a price per user or as part of a risk-based or profit sharing Participation Pricing model, the majority of this provision will remain in place until such time as OS3's revised strategy is proven to deliver sufficient profit contribution.

Other key conclusions are:

- The longer term aims of making distributions to investors via either dividends, partial IPO, or full IPO in North America remain unchanged. The Strategic Review has however concluded that OS3's primary focus is not its share price for a potential IPO, but its ability to start paying progressive dividends. Clearly our KPIs have now materially changed as a result. The previous KPI of "average equity issue price for investments" will no longer be considered.
- Our revised KPIs are:
 - Significant Profit Growth (post-COVID-19) in the short term,
 - Proven Cash Generation in the medium term, and
 - ultimately the ability to pay Progressive Dividends proving the underlying value of OS3.

As anticipated when the Strategic Review was announced a number of additional Board changes were likely to be required to ensure that this enhanced strategy with its new KPIs is implemented effectively. These Board changes are outlined in the 'Post Balance Sheet' section below.

Financial Results

Revenue of c.£4.2m was attained in 2019 and a significant proportion of this revenue was associated with the development and partner implementations of our OS3 Digital Platform.

The platform technology which underpins all of our solutions, and has been proven within multiple vertical industry solutions, is also proven at scale with its largest single blue-chip client implementation licensed for up to 10,000 users. OS3 Digital Platform is built with a microservices architecture, it is highly configurable, thereby facilitating a range of adaptable solutions for many industry applications. The platform includes various pre-defined leading practice templates for the industries in which it operates, and within our own internal implementations the IPR within these templates is referred to as our OS3 Care Approved brand, but within client implementations this pre-built configuration will be white labelled or adapted for their brands.

For the fifth year in a row, OS3 has delivered a significant adjusted profit before tax. Adjusted profit before tax for the period was £3.4m, broadly in line with the prior year (£3.5m in 2018).

Statutory profit before tax was a loss of £10.9m in 2019. As previously guided and already stated, significant exceptional provisions were taken during 2019 as a result of the conclusions of the Strategic Review within OS3's financial results totalling c.£14.3m. The adjusted basic EPS during the period was 37.9p, broadly in line with the prior year (40.3p in 2018). Statutory basic EPS for the period was negative, primarily due to the significant one-time non-cash exceptional provision referred to above.

OS3's balance sheet remains strong showing the resources available to fund its currently planned growth with Net Current Assets increasing very significantly to £7.7m (£0.8m in 2018) clearly demonstrating this crucial point at this time of uncertainty for many businesses during the COVID-19 pandemic.

This improvement in Net Current Assets is partly due to the fact that, during his tenure as Group Chief Executive, Tim Scurry introduced to the business a significant equity investor who was anticipated to add material value to our expansion plans in North America. Due to the perceived added value brought by this strategic investor, the Board allowed shares to be issued on a partly paid basis on this occasion. However, the contractual terms relating to the delayed payment for these shares and associated debts have since been materially breached by this investor. As a result, all of the debts and outstanding share subscriptions are now due allowing OS3 to charge interest against the total outstanding amount. These debts are covered by personal guarantees and the business from which the debts are due is owed c.US\$18m according to the warranties given by the strategic investor. The Board is therefore comfortable that there are more than sufficient assets and security to cover future repayment of these debts.

Post Balance Sheet Events

During 2019 and prior to the COVID-19 pandemic OS3 traded positively with progress made on many fronts, including significant one-time new technology licence sales. As previously stated, this mode of operation post-COVID-19 is no longer considered viable by the Board. However, Q1 2020 management accounts show adjusted profit before tax of c.£0.5m demonstrating a positive trading trend has continued and our cash resources remain strong, but in line with the majority of businesses operating in a COVID-19 world continued significant profitability is proving more challenging.

Following the conclusions of the Strategic Review it is now evident that the best way to deliver on OS3's growth potential is via investments into distribution partners based directly within relevant markets

and verticals. This is particularly true considering the travel implications in a post-COVID-19 world. As a result, the following Board changes were implemented as part of signing the 2019 accounts.

I shall remain Executive Chairman. In this role, amongst my other duties, I will directly ensure that all future product development proceeds at a pace to optimise our solutions for this new-world model. This shall be achieved by working with a number of key Charter Clients, establishing Model Office environments for the SaaS-based implementation of OS3's "Digital Experience Platform" and "Work Force Management Technology" collectively known as OS3 Digital Platform. Tracey Terry has taken up the role of Group Chief Executive overseeing all group functions in the same manner as she has done in previous ventures. It is anticipated that she will handover this role to a suitable candidate before any IPO in North America is concluded.

Tim Scurry, as well as now once again undertaking a non-executive role, will take up a key consultancy role in relation to Global Corporate Development. The Board is confident in his success in this role due to his impressive and extensive past track record in this area. Tim will be leading the drive to establish distribution partners for the technology, initially within North America, while travel restrictions remain during COVID-19. This North American expansion will be fast tracked by first focusing on Tim's own distribution partner relationships for OS3 which have already been established. Tim will also continue to play a key role in the relationship with all of our North American Investors.

Keith Nisbet will now undertake a non-executive role and will provide consultancy in relation to all areas of operations where he has previously been instrumental as Group Chief Operating Officer.

To reallocate the additional workload that will be created with Keith's move to a non-executive role, certain aspects will fall to Tracey who will be supported by Liz Harper (who has re-joined OS3 having previously run finance for the group from 2016 to 2018). Debbie Tarrant will assume the function of Company Secretary from Keith. Debbie will also be undertaking the role of Investor Relations, starting by inviting all of our existing material investors individually to visit Debbie and myself at OS3's head office during November and/or December of this year.

To ensure that there is a dedicated executive voice on the Board to represent the current status of the OS3 Digital Platform, as this asset is key to OS3's future success, Steve Dunn, currently Chief Technology Officer for OS3 Digital, has agreed to join the Board as an Executive Director. Chris Farrelly also remains fully engaged and recognised as key to OS3's ability to deliver on its potential in his role as Group Chief Architect, as he was for both of the founders' prior ventures. Both Steve and Chris have been working with OS3 since shortly after its inception and are fully supportive of the conclusions of the Strategic Review. Furthermore, Paul Campbell who previously ran the Global Programme Office for the founders' prior ventures, has joined the Board as a non-executive director and will also be providing support for business planning and associated reporting in relation to the delivery of the goals set by the Strategic Review. The Board is confident that Paul's prior knowledge of our operations will be invaluable, and that he will be up to speed quickly as he has worked very closely with members of the OS3 team in his previous roles.

Steve Scott remains a non-executive director and shall continue to be fully engaged by the Board as a consultant to use his considerable commercial

expertise to the maximum benefit of OS3. Steve's experience with contracts in relation to the OS3 Digital Platform and other SaaS-based platforms, is expected to prove invaluable as the business moves forward in this new model.

As previously announced, Bob Cooling will continue to head up OS3's Audit Committee and will be helping to ensure the continuing accuracy of all information provided to the Board and investors. James Lambert, due to other commitments, has agreed to leave the Board at this time and we would like to take this opportunity to thank him for the considerable contribution that he made. In addition, I would like to individually thank Bob Cooling, Keith Nisbet and Tim Scurry for their invaluable support during the Strategic Review, but also to thank all of our team and investors for their continued support during this time of significant disruption for all businesses.

Outlook

The Board continues to work proactively with the aforementioned strategic investor to find the most expedient manner for it to settle its obligations to OS3, but it is recognised by the Board that this may take some time to conclude due to understandable complications caused by COVID-19 and the associated temporary shutdown of some of the strategic investor's business operations. Until COVID-19 risks significantly reduce we remain understandably focused on minimising our outgoings, whilst still delivering on our stated strategic goals including actively taking advantage of the opportunities presented, with significant cash resources available to OS3 to be utilised when attractive, primarily liquid, investment opportunities become available.



Robert Terry
Executive Chairman

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2019.

Business Review

Comments on the results for the period, on future developments and on any related party transactions (being where one or more of the directors had a material interest and the Company, or its subsidiaries, was a party, and it has not been separately disclosed) are contained in the Chairman's report on pages 3 to 7 and are to be incorporated into this directors' report by reference.

These reports contain forward-looking statements which have been made by the directors in good faith based on information available to them up to the time of their approval of this report and must be treated with caution due to the uncertainties including economic, business and other risk factors inherent in any such forward-looking information.

The Company acts as a holding company of a small group, the provider of group management services. Since late 2016 it incorporates the operations of the core technology related business trading as OS3 Digital. The principal activities of the Company are the sale of software and consulting services, as well as investing in businesses that can gain advantage from the provision of these activities.

Key Performance Indicators

The Board uses a number of measures to determine the performance of the Company. Of these, the principle key performance indicators are detailed in the Chairman's report on pages 3 to 7.

Acquisitions, Investments and Disposals

During the year, the Company made a number of acquisitions, investments and disposals. Details of those, that are considered relevant for disclosure by the Board, are given in the Chairman's report on pages 3 to 7. Additional information is also given in note 4 to these financial statements.

Risks

There are a number of potential risks and uncertainties which could have a material impact on the Company's long-term performance and which could cause actual results to differ from those expected.

A risk register is maintained by the directors and those risks considered by the directors to be the principal risks facing the Company are also disclosed in all Private Placement Memorandums issued by the Company, along with relevant details of mitigating factors.

Dividends

The directors do not propose the payment of any dividends in respect of the year to 31 December 2019 (2018: nil).

Creditor Payment Policy

It is the Company's policy to agree terms with each supplier and then, on production of a valid invoice, pay according to its terms.

Charitable and Other Donations

The Company did not make any charitable or political donations in the period (2018: nil).

Capital Structure

Details of the authorised and issued share capital, are shown in note 5 to the financial statements. The Company has two classes of ordinary shares 'A Shares' and 'B Shares' both of which carry no right to fixed income but have equal rights to any payment of dividends. Each 'A Share' carries the right to one vote at general meetings of the Company. There are no specific restrictions either on the size of a holding or on the transfer of shares within the general provisions of the Articles of Association. No person has any special rights of control over the Company's share capital.

Substantial Shareholdings

As at 30 September 2020, the Company had been advised, or had ascertained from its own analysis, that the following held interests of 3% or more of the voting rights of its issued share capital:

Shareholder	Number of Shares	Total 'A+B' Equity %	Voting 'A' Equity %
Robert Terry	5,869,193	68.70	75.14
Stephen Scott	1,155,400	13.05	14.71
Timothy Scurry	671,665	7.59	6.63
Subtotal	7,696,258	89.34	96.48

The above shareholdings include shares held as family interests or by virtue of the shareholder's position as trustee, beneficiary or potential beneficiary of certain trusts or companies. Louise Tracey Terry's shareholding of Total 'A + B' equity of 6.58% and voting 'A' equity of 7.45% is included in the family interests of Robert Simon Terry in the table above. The ultimate controlling party for the Company is its Founder Robert Simon Terry, with over 50% of voting equity held directly and over 75.1% including related company and family interests.

Directors

The names and roles of the current directors, are listed below. Biographical details and shareholdings can be found on the OS3 Digital Limited website.

Director	Role
Robert Terry	Executive Chairman
Louise (Tracey) Terry	Chief Executive Officer
Stephen Dunn	Chief Technology Officer
Keith Nisbet	Non-Executive
Paul Campbell	Non-Executive
Keith Nisbet	Non-Executive
Stephen Scott	Non-Executive
Vice Admiral Robert Cooling CB	Non-Executive

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation and observance of the UK Corporate Governance Code. The Articles of Association may be amended by special resolution of the shareholders.

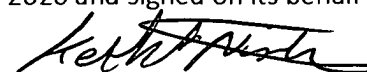
Directors' Indemnity

The Company has made qualifying third party indemnity provisions for the benefit of its directors for certain legal and other costs which remain in force at the date of this report.

Employees

The Company has a policy of offering equal opportunities to employees at all levels in respect of the conditions of work. Regular consultation and meetings, formal or otherwise, are held with all levels of employees to discuss problems and opportunities.

Approved by the Board of Directors on 29 October 2020 and signed on its behalf by:



Keith Nisbet
Director

Financial Statements

1. Statement of financial position 31 December 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Property, Plant and Equipment	3	-	169,986
Investments	4	5,231,561	17,551,202
		5,231,561	17,721,188
CURRENT ASSETS			
Stocks		-	-
Trade Debtors		240,905	669,243
Cash at bank and in hand		119,000	1,082,680
Other Debtor Amounts falling due within one year		7,800,938	1,243,319
Prepayments		75,308	112,829
Total Current Assets		8,236,151	3,108,071
Creditors: amounts falling due within one year		521,631	2,292,990
Net Current Assets		7,714,520	815,081
TOTAL ASSETS LESS CURRENT LIABILITIES		12,946,081	18,536,269
CREDITORS: amounts falling due after more than one year		-	-
NET ASSETS		12,946,081	18,536,269
CAPITAL AND RESERVES			
Profit and Loss		(1,037,492)	5,648,803
Called Up Share Capital	5	9,053,134	8,818,029
Share Premium		15,589,310	10,505,757
Capital Redemption Reserve		249,999	249,999
Profit and Loss Account		(10,908,870)	(6,686,319)
TOTAL EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)		12,946,081	18,536,269

For the year ending 31 December 2019 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with FRS 102 Section 1A. The income statement has not been delivered to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies regime. The accompanying notes form part of the financial statements.

The financial statements of OS3 Digital Limited, registered number 04848698, on pages 10 to 15 were approved and authorised for issue by the Board of Directors on 29 October 2020 and signed on its behalf by:



Robert Simon Terry
Executive Chairman



Louise Tracey Terry
Chief Executive Officer

Notes to the Financial Statements

2. Accounting Policies

Statement of Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding period, is set out below.

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and Value Added Tax. Income is normally recognised on provision of goods and services.

Going Concern

The Company holds significant cash reserves and no material debt. The Company has concluded that its cash reserves together with ongoing operating cash flows will be sufficient to fund the ongoing operations of the Company's businesses together with any future development needs of those businesses and therefore the directors have prepared these financial statements on the basis of a going concern.

Group Accounts

The financial statements present information about the Company as an individual undertaking and not about its group. The Company and its subsidiary undertaking comprise a small-sized group. The Company has therefore taken advantage of the exemptions in Section 399 of the Companies Act 2006 not to prepare group accounts.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land and buildings.

On other assets, depreciation is calculated to write off the cost less estimated residual values over their estimated useful lives as follows: Leasehold land and buildings 5% - 100% per annum straight line (Lease terms dependent); Improvement to freehold land & buildings 5% - 10% per annum straight line.

Assets in the course of construction are capitalised as expenditure is incurred. Depreciation is not charged until the asset is brought into use. Residual value is calculated on prices prevailing at the date of acquisition. Estimated residual values and useful lives are reviewed annually and adjusted where necessary.

Leases

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease. Finance leases, which transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased item are capitalised at the inception of the lease at the fair value of the leased asset, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The finance cost is charged to the profit and loss statement over the lease period as part of finance expense.

Notes to the Financial Statements (continued)

Investments

Fixed asset investments are generally stated at cost less provision for any impairment in value. Any investment in a publicly traded stock is marked to market as required with any gain or loss prior to sale shown in unrealised gains or losses via the Company's income statement in the normal course of business.

Foreign Currency Translation

The normal presentational currency of the Company is UK pounds sterling. Transactions denominated in currencies other than the company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At any given statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are recalculated at the prevailing rates on the statement of financial position date. Any gains or losses will be included in net profit or loss for the year.

Retirement Benefit Costs

The Company provides pension arrangements to certain of its full time UK employees through a defined contribution scheme. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme. The Company has no further payment obligations once the contributions have been paid.

Trade Debtors

Trade debtors are held at amortised cost less any impairment provisions and this equates to their recoverable value. Movements in the impairment provision relating to credit risk are recognised within administrative expenses as bad debt expenses.

Trade Creditors

Trade creditors do not carry any interest and are recognised initially stated at their fair value. Subsequent to initial recognition they are measured at amortised cost.

Exceptional Items

Items that in the Board's judgement can be considered exceptional need to be disclosed by virtue of their nature, size or incidence, in order to better illustrate the underlying business performance of the Company. These are expected to be non-recurring material items which are outside of normal company activities. Such items are therefore included within the income statement section to which they relate, and will be separately disclosed in the notes to the financial statements.

3. Property, Plant and Equipment

	Freehold land and buildings	Leasehold land and buildings	Plant and Equipment	Motor Vehicles	Total
Cost	£	£	£	£	£
At 31 December 2018	120,000	-	502,532	-	622,532
Additions	-	-	1,323	-	1,323
Other reclassifications	-	-	-	-	-
Disposals	(120,000)	-	(38,541)	-	(158,541)
At 31 December 2019	-	-	465,314	-	465,314

Depreciation

At 31 December 2018	-	-	452,546	-	452,546
Charge for the period	-	-	12,768	-	12,768
Impairment	-	-	-	-	-
Reversal of Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 December 2019	-	-	465,314	-	465,314

Net book value

31 December 2019	-	-	-	-	-
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31 December 2018	120,000	-	49,986	-	169,986
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The primary asset held as Freehold land and buildings was Quob Barn at Quob Park. This asset was sold for the carrying value in 2019.

The primary assets held by the company in Plant and Equipment were its computer infrastructure and other facilities related equipment. During the year these assets were sold at their carrying value.

Notes to the Financial Statements (continued)

4. Investments

The Company directly holds share capital in the following companies:*	Note	Country of incorporation	Percentage holding	2019 £	2018 £
OS3 Digital Platform Limited	1	UK	100%	4,318,409	11,700,000
OS3 Investments Limited	2	UK	100%	913,152	100
Agile Networks Limited	3	UK	19%	-	4,125,000
Amplify Creative Marketing Limited	4	UK	19%	-	50,000
				<u>5,231,561</u>	<u>15,875,100</u>

The Company no longer directly holds share capital in the following companies:	Note	Country of incorporation	2018 £
2091205 Ontario Inc	5	Canada	1,077,102
Envestors Limited	6	UK	349,000
Asset Match Limited	6	UK	250,000
			<u>1,676,102</u>
			<u>17,551,202</u>

* Excluding companies where the value of our investment has been fully provisioned

Notes

- The OS3 Digital Platform Limited subsidiary primarily operates as a Research and Development partner for OS3 Digital Limited. It holds all the Intellectual Property Rights to the OS3 Digital Platform technology solutions. Following the Strategic Review undertaken during 2019 and completed in 2020 prior to the publishing of these accounts, particularly with reference to the situation with COVID-19, the decision has been taken to provision the investment down to the residual value at which OS3 Digital Limited retains the right to repurchase the Intellectual Property Rights until such time as profits generated from this asset are consistently at a level which justifies commencing the releasing of this provision. Additional investment which would increase this asset beyond £5m in value shall also be provisioned until future profit generation is proven to the Board's satisfaction in a post COVID-19 environment without the benefit of one-time large licence fees. This investment is made up of Share Capital of £1,000 (also £1,000 in 2018) and Loan Note Debt of £4,317,409 (£11,700,000 in 2018)
- The OS3 Investments Limited subsidiary, holds OS3 Digital's investments in Quob Park Estate Limited, and the beneficial interest to the investments in Envestors Limited and Asset Match Limited. This investment is made up of share capital of £100 (also £100 in 2018) and Loan Note Debt of £912,952 (Nil in 2018).
- OS3 Digital's investment in Agile Networks Limited has been fully provisioned due to concerns about the ability of this business to continue to trade profitably without the benefit of large one-time licence sales which the Board believe shall be difficult for Agile to achieve with the current restrictions caused by COVID-19. If, post COVID-19 restrictions, this investment proves that it can continue to trade profitably then an appropriate amount of the provision would be released at such time.
- OS3 Digital's investment in Amplify Creative Marketing Limited has been fully provisioned due to the Board's concerns about the ability of this business to continue to trade profitably without the benefit of prior significant trade that was conducted with OS3 Digital Limited, which has not been able to be maintained during the current COVID-19 restrictions.
- 2019205 Ontario Inc, previously licensed by OS3 Digital Limited to trade as OS3 Care Approved, was disposed of for nominal consideration during the year to one of OS3 Digital's North American Partners, subject to guarantees to repay certain liabilities to OS3 Digital Limited as various milestones are met. Of these certain liabilities, liabilities totalling £483,462 are included within Other Debtors and potential upside exists beyond this amount from certain other contingent liabilities.
- OS3's beneficial interest in these crowdfunding related investments, being Envestors Limited and Asset Match Limited, were being held indirectly via OS3 Investments Limited at the Balance Sheet Date.

5. Called Up Share Capital

	Number of shares	Nominal value per	2019 £	2018 £
Called up, allotted and fully paid				
Ordinary A Shares – Voting	7,546,268	1	7,546,268	7,546,268
Ordinary B Shares – Non-Voting	1,506,866	1	1,506,866	1,271,761
			<u>9,053,134</u>	<u>8,818,029</u>

The Company has two classes of ordinary shares 'A Shares' and 'B Shares' both of which carry no right to fixed income but have equal rights to any payment of dividends. Each 'A Share' carries the right to one vote at general meetings of the Company.

6. Average number of employees

During the year the average number of employees was 12.

Registered Office
Quob Park
Titchfield Lane
Wickham
Fareham
Hampshire
PO17 5PG

Primary Bankers
Metro Bank
82 North Street
Brighton
East Sussex
BN1 12A

North American Bankers
BMO Nesbitt Burns
1 First Canadian Place, 39th Floor
Toronto
Ontario
M5X 1H3

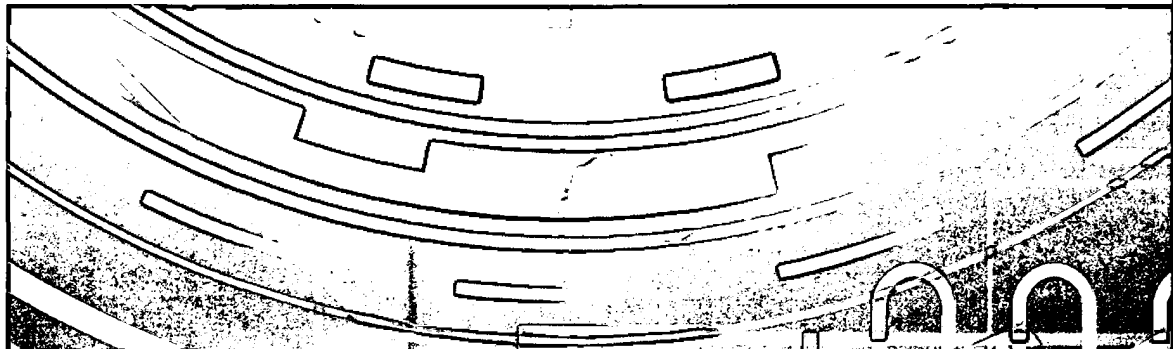
Primary Solicitors
Blake Morgan
6 New Street Square
London
EC4A 3DJ

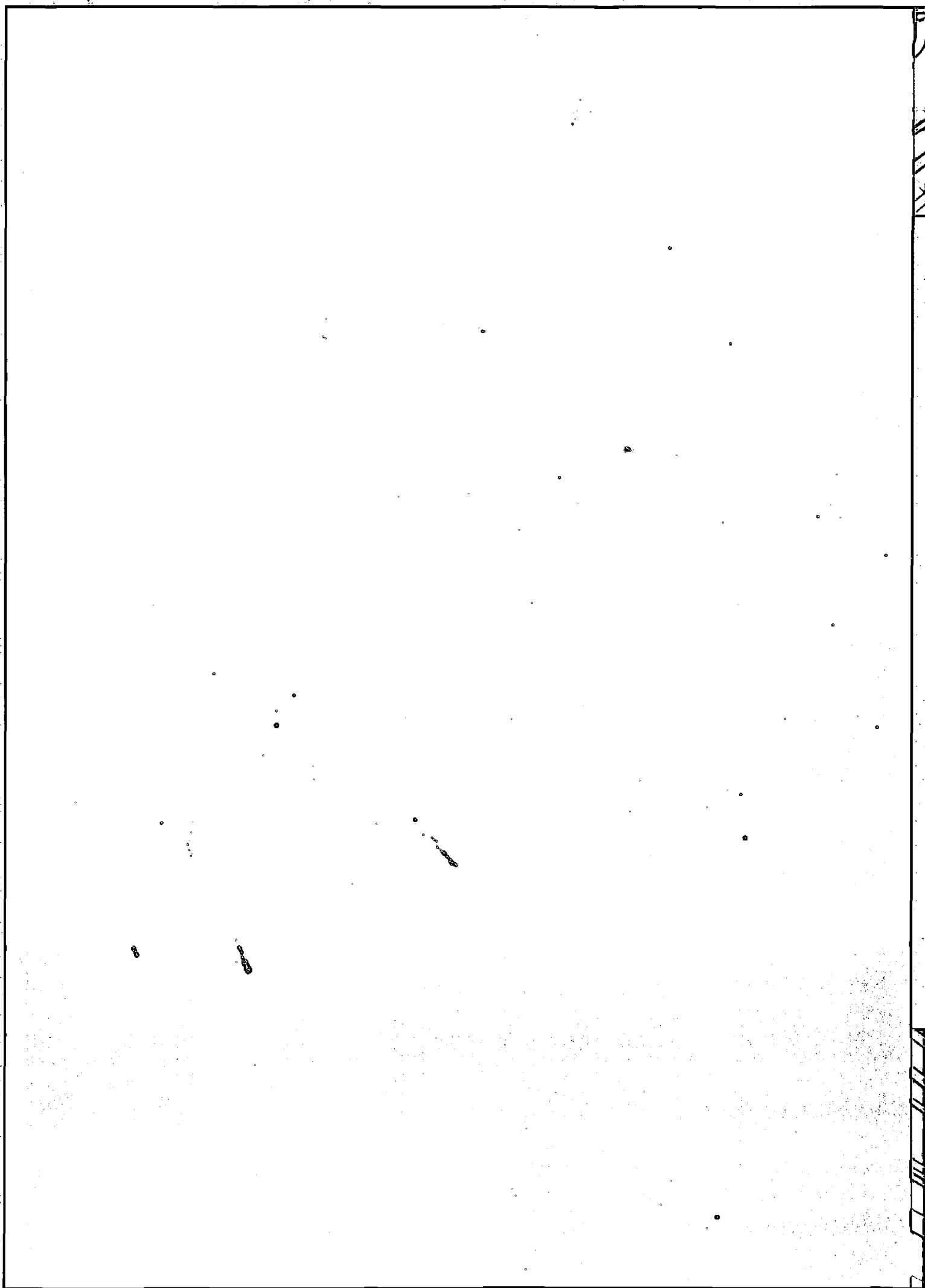
Solicitors
Excello Law
5 Chancery Lane
London
WC2A 1LG



Four Year Summary

	2019 £m	2018 £m	2017 £m	2016 £m
Income Statement				
Revenue	4.2	5.9	4.2	3.2
Adjusted EBITDA	3.5	3.8	3.4	3.0
Adjusted profit before tax	3.4	3.5	3.1	2.9
Profit before tax	(10.9)	(6.7)	3.1	0.1
Statutory Basic EPS	(123.2p)	(78.0p)	36.6p	1.8p
Adjusted Basic EPS	37.9p	40.3p	36.6p	35.4p
Statement of Financial Position				
Fixed assets	5.2	17.7	13.9	8.1
Current assets	8.2	3.1	6.7	8.9
	13.4	20.8	20.6	17.0
Liabilities	(0.5)	(2.3)	(1.7)	(1.9)
	12.9	18.5	18.9	15.1





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