



**oxxxy**

Online You.

**OXXY GROUP PLC  
ANNUAL REPORT  
2016**



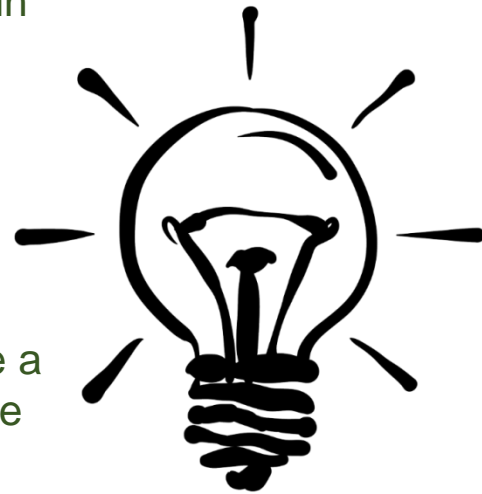
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## ABOUT OXXY

### **Our story:**

The original idea for Oxxy came to our CEO Dimitar Dimitrov while working on his PhD thesis, based on multi website systems. He believed there was still a demand for a niche provider within the competitive website-building software market. Despite the fact that the market was somewhat saturated with providers, he observed there was little product differentiation by competitors and their systems didn't provide the flexibility or simplicity many user's demanded. Subsequently, Dimitar managed to partner up with experienced investors and entrepreneurs in the SMB market and implemented a strategic plan. It was at this juncture the Oxxy journey formally began. A technology team was built through a rigorous selection process involving the screening of thousands of candidates. Subsequently, after many months of hard work and dedication, the ideas behind Oxxy became a reality. The philosophy of our founders, from the very beginning, has remained the same - to continue to create and improve a cutting edge and market leading website builder tool for business digitalisation, promotion and publishing with professional web results. Put simply, Oxxy are on a conquest to help millions of users with no development skills to create beautiful and meaningful websites that allow them to convey their individual messages to the world.



## ABOUT OXXY

### **Corporate identity:**

In a cluttered online environment with low level of differentiation between the web building software offers, we decided to break the status quo by presenting a sophisticated solution in a simple to understand and flexible to modify way - business centric. And we are here to stay, providing small and medium size businesses with the unique possibility to bring all their online properties under one single roof - our platform! Unlike other publishing platforms, we talk the customers' language, telling you a story in which you are the main character. We make multifunctionality simple, yet completely flexible.



## ABOUT OXXY

### **Mission:**

We operate a one-of-a-kind multifunctional website building platform that enables small and medium size businesses from around the globe to excel in their online marketing activities. We bring simplicity, clarity and flexibility to a sophisticated IT industry setting up new standards for online business communications.



## ABOUT OXXY

### **Vision:**

We aim to make our publishing platform as efficient and manageable that even unexperienced computer users will have the chance to develop their vision and express all their ideas online.





## OXXY'S TEAM

### **Dimitar Dimitrov** **Co-Founder and CEO**



Dimitar is the founder of Oxxy with more than 10 years of experience in software development. With his PhD in Software Systems Development (Thesis: Multi-website Software Systems) and Master's Degree in Programming Systems and Technologies

(Thesis: Building Management Systems) he has all the technical background needed to make Oxxy a cutting edge success. His ambitions for Oxxy do not stop with services currently on offer. He is determined to develop state-of-the-art features in the near future to provide the ultimate solutions for website owners to promote their online properties.

His vision has inspired a team of professionals to excel in delivering creative technologies and premium advice. He also made work environment one of his main priorities as he maintains fun, friendly, open and professional atmosphere at the offices.



## OXXY'S TEAM

### Lars Christian Beitnes Co-Founder



Lars is a business visionary and an experienced finance and technology entrepreneur in the SMB segment. Founder / co-founder of Rock Energy and several financial services companies including Aston Group, White November, VLS, Advice and

Triple 3, currently being licensed for financial services in 3 EU countries and currently employing ca. 60 employees. Lars has experience as chairman of listed companies and is responsible for the strategic direction and provides business and operational advice to the group.

## OXXY'S TEAM



### Hasmig Melian CFO

Hasmig has 12 years of financial experience, from both the equity and debt markets. Hasmig served as the Financial Controller of a GBP 60 million fund investing in London Real Estate and a company engaged in bridge financing activities of a GBP 20 million portfolio. She was responsible for the planning and implementation of the annual fund budgets, consolidations, financial reporting and tax compliance. She played a pivotal role in raising finance with various top end UK banks and was responsible for the management of the group treasury. She has also held senior finance roles in various companies investing into multiple market segments such as banking and financial services, insurance, real estate, energy, metal mining, agriculture, retail and biotechnology where she was leading business plan development, financial forecasting, financial analysis, financial reporting, tax compliance and cost cutting.

Hasmig has obtained the title of FCCA (Fellow Certified Chartered Accountant) and holds a practicing certificate from the Institute of Certified Public Accountants of Cyprus.

## OXXY'S TEAM



### **Kaloyan Minev** **Chief Technical Officer**

Kaloyan is the driving force behind the technical and the company's office operations departments. He is knowledgeable about a wide range of software development technologies and contributes in almost every aspect of the Oxxy's technical

advancement. His great development skills and proactive attitude has scaled up the company to advance and complete its operations goals and strategic ideas.

Kaloyan's specialties are web and mobile development utilizing: PHP, MySQL, JavaScript, HTML5, CSS3 and more.



### **Tsvetelin Nikolov** **Creative Director**

Tsvetelin is a design focused professional with over 13 years of experience in creating software and app user interface. He has been directing the design team in the

company, providing technological development practices and innovative features, making the Oxxy platform modern, user friendly, visual and distinguishable. His bold designs and creativity has given Oxxy a new direction in approaching customers and understanding their requirements.

Prior to joining Oxxy, Tsvetelin has worked for several companies as a Lead designer and creative consultant.

## Listing on the Merkur Market

On the 13<sup>th</sup> January 2016, Oxy Group Plc was successfully admitted to trading on Merkur Market at the Oslo Stock Exchange in Norway. This day marks a milestone for Oxy as it provided access to the capital markets to facilitate growth and generate valuable



publicity by making its products known to an exponentially wider group of investors and customers, leading to an increase in market share.

Furthermore, the admission to Merkur Market emphasises the Group's product viability, financial transparency and aptitude for evolution.

Dimitar Dimitrov (Co-Founder and CEO) and Lars Christian Beitnes (Co-Founder & Chairman) ringing the bell on Wednesday, 13<sup>th</sup> January 2015 when Oxy Group PLC was admitted to trading on Merkur Market.

<http://e24.no/boers-og-finans/oslo-boers/dette-er-de-syv-debutantene-paa-oslos-nye-markedsplass/23595221>



## **New Features in Oxxy introduced in 2016**

### **January 2016: Introduced Parallax Background Animations**

Backgrounds of pages and elements can now have the ability to move while scrolling.

### **February 2016: Introduced Video Backgrounds**

Websites look alive with easy to add a video background to pages, area sections and elements. Oxxy's technical team added the ability to use embedded videos for backgrounds with sources like Youtube.

### **April 2016: Introduced Auto Snap for Elements**

A long waited feature will make the ability to align elements and snap them one to another while dragging or resizing. This makes the process of arranging the content of your website a lot simpler.

### **June 2016: Introduced Element Grouping**

This feature is one of the big features in the first half of 2016 that was released by Oxxy. Oxxy's biggest competitor does not have an alternative of it as of this point. The closest thing provided is a container-like box to drop things inside, that does not have half the abilities a group has.

Oxxy's technical team have added the ability to combine different elements by saving them into a single group element. Then you work with the different elements as a single element, a set. This way users organize their content into different sections along the page. Duplicating groups across a website. Group Edit mode, and Ungrouping if needed.

Along this feature Resizing Group was added as an ability to resize a group with all elements in it, together.

### **Aug 2016: Released the eCommerce API in a closed environment. Started development of the new eCommerce platform.**

Based on the eCommerce API, which is released for Beta testing, Oxxy started the development of its eCommerce platform, which will be an add-on to the Platinum subscriptions. This feature will be the main reason for choosing this subscription package. The package will be sold as full-featured eCommerce online shop with no restrictions of number of products or any of the sort. The release is planned for the beginning of 2017.



## **New Features in Oxy introduced in 2016 (continued)**

**September 2016:** Oxy integrated new country level domain registrars, in order to be able to sell directly .se, .nu, .no domains to end customers.

**October 2016:** Launched the new rebranded website and product. Oxy now has a new look and feel, based on Oxy's new brand. Important videos were updated to the new look and feel.

### **November 2016: Marketing research on the Swedish market**

Conducted an insightful marketing research on the Swedish market, which helped Oxy update its subscription packages to be more suitable for the end customer.

The pricing was adjusted, a country level domain of type .se, .no, .nu are now available for free in the Platinum package, the size of the traffic, space and other features was increased drastically.

### **Finalised the Swedish localization of the service to the very detail.**

Although Oxy was in Swedish, important pieces of content still needed to be localised, like video tutorials and the help center. Now all the content is localised completely to Swedish.

### **December 2016: Launched the Swedish Blog.**

### **Facebook enabled the Global Pages feature for Oxy**

The feature is only available to a small set of companies with previously verified pages and proven public value. It is enabled by request and evaluation from the Facebook team. Now Oxy can market one of its important marketing channels with a more local experience. Oxy launched local pages for Sweden and Norway, Bulgaria and one for English speaking people.

Opened its reseller's program to organizations and associations in Sweden.

## Commercial Activities / Branding / Marketing Events in 2016

**Joakim Jonasson** / *New Ad Agency*

*Brand strategy, positioning and communication language  
(former head of international marketing at H&M and Diesel Jeans)*

*and*

**Jens Östgaard** / *Sällström & Østgaard reklambyrå AB*

*Brand Communication and design  
(winner of Swedish Publishing Price 2014 and nominated Swedish  
Design Price 2012)*

have joined Oxxy's commercial team to help Oxxy become a recognizable and user friendly brand in the target markets.

Oxxy initiated a rebranding project in the first half of 2016:

- Improving the communication platform to better reflect the target group;
- Enhancing the user experience (UX); and
- Providing a more intuitive and user friendly look and feel.

The rebranding of Oxxy will be released in September 2016.

The rebranding and communication strategies are based on deep marketing research in the target market.



**OXXY GROUP PLC  
REPORT AND CONSOLIDATED FINANCIAL  
STATEMENTS  
2016**

# OXXY GROUP PLC

## REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

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# OXXY GROUP PLC

## BOARD OF DIRECTORS AND OTHER OFFICERS

<b>Board of Directors:</b>	Aston Management (Cyprus) Limited Dimitar Dimitrov Stelios Kazamia (resigned on 27 August 2015)
<b>Company Secretary:</b>	White November Corporate Services (Cyprus) Limited
<b>Independent Auditors:</b>	H&P Accountants Certified Public Accountants and Registered Auditors 1 Chatzidaki Street Ledras Court, Office 501 1066, Nicosia Cyprus
<b>Bankers:</b>	Bank of Cyprus Public Company Ltd ProCredit Bank (Bulgaria) EAD SATA Bank Plc SEB
<b>Registration number:</b>	HE307150
<b>Registered office:</b>	Office M102 25 Michalakopoulou Street 1075 Nicosia Cyprus

# OXXY GROUP PLC

## MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2016 .

### Principal activities and nature of operations of the Group

The principal activities of the Group, which are unchanged from last year, are the development and operation of web design and online publishing software.

### Change in Company's status and name

On 5 January 2016, the Company was converted from private limited company to a public limited company and its name was changed from Oxy Group Ltd to Oxy Group Plc.

### Review of current position, future developments and performance of the Group's business

The Group's development to date, financial results and position in the financial statements are considered satisfactory although the Group reports a loss for the year ended 31 December 2016 of €219,937 (2015: €25,217).

The Group's activities continue to be supported by its shareholders for the foreseeable future.

### Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are disclosed in note 4 of the consolidated financial statements.

#### Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest bearing assets. The Group is exposed to interest rate risk in relation to its non current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

#### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer is assessed and outstanding customer receivables are regularly monitored. The Group does not hold collateral as security.

#### Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

### Results

The Group's results for the year are set out on page 21.

### Research and development activities

The Group expenditure on research and development for the year amounted to €267,185 (2015: €250,757).

# OXXY GROUP PLC

## MANAGEMENT REPORT

### Share capital

#### Authorised capital

On 5 May 2016 the authorised share capital of the Company was increased from €100,000 to €150,000.

#### Issued capital

On 11 April 2016, the Company converted the advances for future share capital increase by issuing 4,000,000 ordinary shares of €0.01 each. The new shares were issued at a premium of €0,04625 per share.

On 12 April 2016, the Company converted the advances for future share capital increase by issuing 2,000,000 ordinary shares of €0.01 each. The new shares were issued at a premium of €0,115 per share.

In July 2016, the Board of Directors of the Company decided to complete a subsequent repair offering to existing shareholders who did not receive allocation of shares following completion of the conversion of Shareholders Advances in April 2016, prior to the Company's Annual General Meeting in May 2016. Shareholders who had the right to subscribe for shares in the repair issue would have the right to subscribe for shares on a pro rata basis to their shareholding. The subscription price was set at NOK1.50. The repair issue has been completed with a 99% participation.

On 20 December 2016, the Board of Directors approved an issue of 720,000 new shares in a private placement to a private investor at a subscription price of NOK30.00 per share totalling NOK21,600,000 (€2.4 million). The shares were not paid as at 31 December 2016 and as at the date of this report and were not recognised in the financial statements.

The above mentioned conversions increased the issued share capital of the Company from 2,600,000 ordinary shares to 10,319,913 ordinary shares.

### Implementation and compliance to the Code of Corporate Governance

As a company listed on the Merkur Market and as per the guidance notes stated in the Continuing Obligations, Oxy Group Plc does not have an obligation to implement a Corporate Governance Code.

### Board of Directors

The members of the Company's Board of Directors as at 31 December 2016 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2016.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.  
Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 21 to the consolidated financial statements.

### Independent Auditors

The Independent Auditors, H&P Accountants, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.



By order of the Board of Directors,  
White November Corporate Services (Cyprus) Limited  
Secretary  
Nicosia, 28 April 2017

# OXXY GROUP PLC

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2016 €	2015 €
<b>Revenue</b>	5	<b>3,570</b>	-
Administration expenses		<u>(219,198)</u>	<u>(24,639)</u>
<b>Operating loss</b>	6	<b>(215,628)</b>	(24,639)
Finance costs	7	<u>(4,287)</u>	<u>(635)</u>
<b>Loss before tax</b>		<b>(219,915)</b>	(25,274)
<b>Net loss for the year</b>		<u><b>(219,915)</b></u>	<u>(25,274)</u>
<b>Other comprehensive income</b>			
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		<u>(22)</u>	<u>57</u>
<b>Other comprehensive (expense)/income for the year</b>		<u><b>(22)</b></u>	<u>57</u>
<b>Total comprehensive expense for the year</b>		<u><b>(219,937)</b></u>	<u>(25,217)</u>
<b>Loss per share attributable to equity holders of the parent (cent)</b>	9	<u><b>(2.93)</b></u>	<u>(22.23)</u>

# OXXY GROUP PLC

## STATEMENT OF FINANCIAL POSITION

	Note	2016 €	2015 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	5,625	2,556
Intangible assets	11	900,195	633,010
		<u>905,820</u>	<u>635,566</u>
<b>Current assets</b>			
Receivables	12	16,536	1,171
Cash and cash equivalents		<u>31,310</u>	<u>87,519</u>
		<u>47,846</u>	<u>88,690</u>
<b>Total assets</b>		<u>953,666</u>	<u>724,256</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	95,999	26,000
Share premium		569,375	-
Translation reserves		(14)	8
Advances for future share capital increase	14	-	475,000
Accumulated losses		<u>(284,487)</u>	<u>(64,572)</u>
<b>Total equity</b>		<u>380,873</u>	<u>436,436</u>
Payable to majority shareholder	17	-	217,996
		<u>-</u>	<u>217,996</u>
<b>Current liabilities</b>			
Other payables	15	184,790	69,824
Deferred income		2,146	-
Payable to majority shareholder	17	<u>385,857</u>	<u>-</u>
		<u>572,793</u>	<u>69,824</u>
<b>Total liabilities</b>		<u>572,793</u>	<u>287,820</u>
<b>Total equity and liabilities</b>		<u>953,666</u>	<u>724,256</u>

On 27 April 2017 the Board of Directors of Oxy Group Plc authorised these consolidated financial statements for issue.

  
 .....  
 Aston Management (Cyprus) Limited  
 Director

  
 .....  
 Dimitar Dimitrov  
 Director



# OXXY GROUP PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital €	Share premium €	Advances for future share capital increase €	Translation reserve €	Accumulated losses €	Total €
<b>Balance at 1 January 2015</b>	<b>1,000</b>	<b>-</b>	<b>350,000</b>	<b>(49)</b>	<b>(39,298)</b>	<b>311,653</b>
<b>Comprehensive income</b>						
Net loss for the year	-	-	-	-	(25,274)	(25,274)
Other comprehensive income for the year	-	-	-	57	-	-
Total comprehensive expense for the year	-	-	-	57	(25,274)	(25,217)
<b>Transactions with owners</b>						
Issue of share capital	25,000	-	(25,000)	-	-	-
Shareholder contribution	-	-	75,000	-	-	75,000
Funds advanced	-	-	75,000	-	-	75,000
Total transactions with owners	25,000	-	125,000	-	-	150,000
<b>Balance at 31 December 2015 / 1 January 2016</b>	<b>26,000</b>	<b>-</b>	<b>475,000</b>	<b>8</b>	<b>(64,572)</b>	<b>436,436</b>
<b>Comprehensive income</b>						
Net loss for the year	-	-	-	-	(219,915)	(219,915)
Other comprehensive expense for the year	-	-	-	(22)	-	-
Total comprehensive expense for the year	-	-	-	(22)	(219,915)	(219,937)
<b>Transactions with owners</b>						
Issue of share capital	69,999	569,375	(475,000)	-	-	164,374
Total transactions with owners	69,999	569,375	(475,000)	-	-	164,374
<b>Balance at 31 December 2016</b>	<b>95,999</b>	<b>569,375</b>	<b>-</b>	<b>(14)</b>	<b>(284,487)</b>	<b>380,873</b>

# OXXY GROUP PLC

## CONSOLIDATED CASH FLOW STATEMENT

	Note	2016 €	2015 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before tax</b>		<b>(219,915)</b>	<b>(25,274)</b>
Adjustments for:			
Depreciation of property, plant and equipment	10	2,558	3,058
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		(22)	57
Unrealised exchange loss		22,997	-
		<b>(194,382)</b>	<b>(22,159)</b>
<b>Changes in working capital:</b>			
Increase in receivables		(22,331)	(727)
Increase in other payables		114,966	48,902
Increase in deferred income		2,146	-
<b>Cash (used in)/generated from operations</b>		<b>(99,601)</b>	<b>26,016</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for research and development	11	(267,185)	(250,757)
Payment for purchase of property, plant and equipment	10	(5,627)	(3,020)
<b>Net cash used in investing activities</b>		<b>(272,812)</b>	<b>(253,777)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		148,343	25,000
Funds advanced for future share capital increase		-	125,000
Loan from shareholder		167,861	129,010
<b>Net cash generated from financing activities</b>		<b>316,204</b>	<b>279,010</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(56,209)</b>	<b>51,249</b>
Cash and cash equivalents at beginning of the year		87,519	36,270
<b>Cash and cash equivalents at end of the year</b>		<b>31,310</b>	<b>87,519</b>

# OXXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Oxy Group Plc (the "Company") was incorporated in Cyprus on 30 May 2012 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at office M102, 25 Michalakopoulou Street, 1075 Nicosia, Cyprus.

#### Change in Company's status and name

On 5 January 2016, the Company was converted from private limited company to a public limited company and its name was changed from Oxy Group Ltd to Oxy Group Plc.

#### Principal activities

The principal activities of the Group, which are unchanged from last year, are the development and operation of web design and online publishing software.

### 2. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

#### Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. These consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements are presented in Euro (€) which is the functional currency of the Group.

#### Adoption of new and revised IFRSs

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2016. This adoption did not have a material effect on the accounting policies of the Group.

##### Standards issued but not yet effective

Up to the date of approval of the consolidated financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

- (i) Issued by the IASB and adopted by the European Union

#### New standards

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).

- (ii) Issued by the IASB but not yet adopted by the European Union

#### New standards

- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).

#### Amendments

- Amendments to IFRS2: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018).

# OXXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### Adoption of new and revised IFRSs (continued)

#### (ii) Issued by the IASB but not yet adopted by the European Union (continued)

##### Amendments

- Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
- IAS 7 (Amendments) "Disclosure Initiative" (effective for annual periods beginning on or after 1 January 2017).
- IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017).
- Annual Improvements to IFRSs 2014–2016 Cycle (issued on 8 December 2016) (effective for annual periods beginning on or after 1 January 2017).
- Annual Improvements to IFRSs 2014–2016 Cycle (issued on 8 December 2016) (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).

##### New IFRICs

- IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).

The above are expected to have no significant impact on the Group's consolidated financial statements when they become effective.

##### Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company Oxxy Group Plc and the financial statements of the following subsidiaries Oxxy Applications Ltd (Bulgaria), Oxxy Solutions Ltd (UK) and Oxxy Ltd (Malta).

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter company transactions and balances between Group companies have been eliminated during consolidation.

##### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

# OXXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

#### Revenue recognition

Revenues earned by the Group are recognised on the following bases:

- **Royalty Income**  
Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

# OXXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### Foreign currency translation

The financial statements are prepared in Euro (€) (the measurement currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Group. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into functional currency at period-end exchange rates are recognised in profit or loss. Translation at period-end rates does not apply to non-monetary items, including equity investments. Effects of exchange rate changes on the fair value of equity securities are recorded as part of the fair value gain or loss.

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount. Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred.

The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### Deferred income

Deferred income represents income receipts which relate to future periods.

#### Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's e-business development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

# OXXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### **Internally-generated intangible assets - research and development expenditure (continued)**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### **Patents and trademarks**

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### **Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

##### *(1) Classification*

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

##### • Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

##### *(2) Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.



# OXXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### (2) Recognition and measurement (continued)

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

#### Derecognition of financial assets and liabilities

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

#### Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

# OXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. Financial risk management

#### Financial risk factors

The Group is exposed to credit risk and liquidity risk arising from the financial instruments it holds. The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from last year. The risk management policies employed by the Group to manage these risks are discussed below:

#### 3.1 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
	€	€
Other receivables	7,732	1,171
Cash at bank	30,163	27,075
	<b>37,895</b>	<b>28,246</b>

#### 3.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group's management monitors the liquidity position to minimise such losses.

The following tables of 2015 and 2016 detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2016	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
	€	€	€	€	€	€
Other payables	133,982	133,982	133,982	-	-	-
Payables to related parties	1,424	1,424	1,424	-	-	-
Loan from shareholder	385,857	348,825	-	348,825	-	-
	<b>521,263</b>	<b>484,231</b>	<b>135,406</b>	<b>348,825</b>	<b>-</b>	<b>-</b>

31 December 2015	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
	€	€	€	€	€	€
Other payables	69,824	69,824	69,824	-	-	-
Loan from shareholder	217,996	217,996	-	-	217,996	-
	<b>287,820</b>	<b>287,820</b>	<b>69,824</b>	<b>-</b>	<b>217,996</b>	<b>-</b>

# OXXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year.

The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

	2016	2015
	€	€
Royalty income	<u>3,570</u>	-
	<u>3,570</u>	-

	2016	2015
	€	€
Operating loss is stated after charging the following items:		
Staff costs	7,293	-
Auditors' remuneration	2,400	3,000
Violation charge	<u>116,721</u>	-

Staff costs include the remunerations of Chef Financial Officer of the Group amounting to €2,890.

Following the notification from Oslo Stock Exchange ('OSE') regarding the insufficient disclosures made in the admission document in relation to the conversion terms of the Shareholder Advances, a violation charge of NOK1,000,000 was imposed on the Company by OSE.

	2016	2015
	€	€
Net foreign exchange losses	1,988	-
Bank charges	<u>2,299</u>	635
	<u>4,287</u>	635

### 8. Tax

The parent Company's results are subject to corporation tax at 12,5%.

# OXXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. Loss per share attributable to equity holders of the parent

	2016	2015
<b>Loss attributable to shareholders (€)</b>	<b>(219,915)</b>	<b>(25,274)</b>
Weighted average number of ordinary shares in issue during the year	<b>7,516,630</b>	113,699
<b>Loss per share attributable to equity holders of the parent (cent)</b>	<b>(2.93)</b>	<b>(22.23)</b>

### 10. Property, plant and equipment

	Office equipment
	€
<b>Cost</b>	
Balance at 1 January 2015	6,178
Additions	3,020
Exchange differences	3
<b>Balance at 31 December 2015/ 1 January 2016</b>	<b>9,201</b>
Additions	5,627
<b>Balance at 31 December 2016</b>	<b>14,828</b>
<b>Depreciation</b>	
Balance at 1 January 2015	3,584
Charge for the year	3,058
Exchange differences	3
<b>Balance at 31 December 2015/ 1 January 2016</b>	<b>6,645</b>
Charge for the year	2,558
<b>Balance at 31 December 2016</b>	<b>9,203</b>
<b>Net book amount</b>	
<b>Balance at 31 December 2016</b>	<b>5,625</b>
<b>Balance at 31 December 2015</b>	<b>2,556</b>

### 11. Intangible assets

	Research and development	Patents and trademarks	Total
	€	€	€
<b>Cost</b>			
Balance at 1 January 2015	381,353	900	382,253
Additions	250,757	-	250,757
<b>Balance at 31 December 2015/ 1 January 2016</b>	<b>632,110</b>	<b>900</b>	<b>633,010</b>
Additions	267,185	-	267,185
<b>Balance at 31 December 2016</b>	<b>899,295</b>	<b>900</b>	<b>900,195</b>
<b>Net book amount</b>			
<b>Balance at 31 December 2016</b>	<b>899,295</b>	<b>900</b>	<b>900,195</b>
<b>Balance at 31 December 2015</b>	<b>632,110</b>	<b>900</b>	<b>633,010</b>

# OXXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. Intangible assets (continued)

The above research and development costs have been incurred by the Company for the development of a software system. Patents and trademarks comprise of trademark "OXXY", registered on 16 May 2014, which will be utilised for Computer Software & Scientific Services. Amortisation has not been accounted for both intangible assets since the development of software systems has not yet been completed and the trademark has not yet generated any income.

The software system was tested for impairment based on a value in use model.

### 12. Receivables

	2016 €	2015 €
Other receivables	7,732	1,171
Unpaid share capital (Note 13)	8,804	-
	<u>16,536</u>	<u>1,171</u>

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to credit risk and impairment losses in relation to receivables is reported in note 3 of the consolidated financial statements.

### 13. Share capital

	2016 Number of shares	2016 €	2015 Number of shares	2015 €
<b>Authorised</b>				
Ordinary shares of €0.01 each	<u>15,000,000</u>	<u>150,000</u>	<u>10,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid</b>				
Balance at 1 January	2,600,000	26,000	1,000	1,000
Issue of shares	<u>7,719,913</u>	<u>77,199</u>	<u>2,599,000</u>	<u>25,000</u>
	<u>10,319,913</u>	<u>103,199</u>	<u>2,600,000</u>	<u>26,000</u>
<b>Unpaid issued capital</b>	<u>(720,000)</u>	<u>(7,200)</u>	<u>-</u>	<u>-</u>
<b>Balance at 31 December</b>	<u>9,599,913</u>	<u>95,999</u>	<u>2,600,000</u>	<u>26,000</u>

#### Authorised capital

On 5 May 2016 the authorised share capital of the Company was increased from €100,000 to €150,000.

#### Issued capital

On 11 April 2016, the Company converted the advances for future share capital increase by issuing 4,000,000 ordinary shares of €0.01 each. The new shares were issued at a premium of €0,04625 per share.

On 12 April 2016, the Company converted the advances for future share capital increase by issuing 2,000,000 ordinary shares of €0.01 each. The new shares were issued at a premium of €0,115 per share.

In July 2016, the Board of Directors of the Company decided to complete a subsequent repair offering to existing shareholders who did not receive allocation of shares following completion of the conversion of Shareholders Advances in April 2016, prior to the Company's Annual General Meeting in May 2016. Shareholders who had the right to subscribe for shares in the repair issue would have the right to subscribe for shares on a pro rata basis to their shareholding. The subscription price was set at NOK1.50. The repair issue has been completed with a 99% participation. As at 31 December 2016 the unpaid part of repair share capital issue amounted to NOK80,000.

# OXXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. Share capital (continued)

#### Issued capital

On 20 December 2016, the Board of Directors approved an issue of 720,000 new shares in a private placement to a private investor at a subscription price of NOK30.00 per share totaling NOK21,600,000 (€2.4 million). Upon subscription in the offering, the Investor also received 144,000 warrants, each with an exercise price of NOK36.00. The shares were not paid as at 31 December 2016 and at the date of this report and were not recognised in the financial statements.

The above mentioned conversions increased the issued share capital of the Company from 2,600,000 ordinary shares to 10,319,913.

### 14. Advances for future share capital increase

	2016	2015
	€	€
Funds advanced	225,000	250,000
Shareholder contribution	250,000	250,000
Issue of shares	<u>(475,000)</u>	<u>(25,000)</u>
	<u>-</u>	<u>475,000</u>

The parent Company's founders have advanced funds and contributions to support the operations of the Group in development of software and related services. During the April 2016 the Company issued shares to existing shareholders for the advances made.

### 15. Other payables

	2016	2015
	€	€
Accruals	49,384	-
Other creditors and accruals	133,982	69,824
Payables to shareholder	879	-
Payables to related companies	<u>545</u>	<u>-</u>
	<u>184,790</u>	<u>69,824</u>

Payables to related companies relate to the amount payable to related company through common directorship for the expenses paid on behalf of the Company.

The fair values of other payables due within one year approximate to their carrying amounts as presented above.

### 16. Payable to majority shareholder

Loan from a shareholder is up to €500,000 and does not carry interest and does not have specified repayment terms. The loan could be converted to Company's shares at the conversion price €2,500 per share at the discretion of a shareholder latest by 31 December 2017. The option was not exercised by shareholder by that date.

# OXXY GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17. Participation of Directors in the company's share capital

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors of the Group companies (in accordance with Article (4) (b) of the Directive DI 190-2007-04), as at 31 December 2016 and 22 April 2017 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2016	22 April 2017
	%	%
Dimitar Dimitrov	31	31

### 18. Significant agreements with management

At the end of the year, no significant agreements existed between the Group and its management.

### 19. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2016.

### 20. Commitments

The Group had no capital or other commitments as at 31 December 2016.

### 21. Events after the reporting period

On 20 December 2016, the Board of Directors approved the issue of 720,000 new shares in a private placement to a private investor at a subscription price of NOK30.00 per share totaling NOK21,600,000 (€2.4 million) - the First Tranche. The shares were not paid as at 31 December 2016 and at the date of this report.

Under the Placing Agreement, the Company and the Investor have agreed that the Investor under certain terms and conditions, and within a time frame until 30 June 2017, shall subscribe for an additional up to 2,88 million shares at a subscription price of NOK30.00 per share totaling NOK86,400,000 (€9,6 million) in 4 equal Tranches. Upon subscription in the offering, the Investor also will receive warrants, each with an exercise price of NOK36.00. As at the date of this report no additional shares were issued to the Investor.

On 23 March 2017, the Board of Directors approved the issue of 1,500 new shares in a private placement to a private investor at a subscription price of NOK30.00 per share totaling NOK45,000 (€4,920) as the consideration paid for the purchase of Branding Services.



# OXXY GROUP PLC

## RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole.

We also confirm that the Board of Directors report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

### Board of Directors



.....  
Dimitar Dimitrov  
Founder and CEO



.....  
Hasmig Melian  
CFO

Nicosia, 28 April 2017

# OXXY GROUP PLC

## Independent auditor's report

### To the Members of Oxy Group Plc

#### Opinion

We have audited the accompanying consolidated financial statements of Oxy Group Plc (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2016, and of its financial performance and its cash flows for the then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

##### *Software development costs impairment assessment*

As at 31 December 2016 the Company has research and development costs recognized as intangible assets amounted to €899,295 (2015: €632,110). The above research and development costs have been incurred by the Company for the development of a software system. Amortisation has not been accounted for since the development of the software system has not yet been completed and the trademark has not yet generated any income. This matter has increased the risk that the carrying values of software development costs may be impaired.

Management has concluded that there is no impairment in respect of the software development costs. This conclusion was based on a value in use model that required significant management judgment with respect to the discount rate and the underlying cash flows, in particular future revenue growth.

##### *How our audit addressed the Key Audit Matter:*

Our procedures in relation to management's impairment assessment included:

- \* Assessing the valuation methodology;
- \* Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and
- \* Reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

We found the assumptions made by management in relation to the value in use calculations to be reasonable based on available evidence. The significant inputs have been appropriately disclosed in note 9.

# OXXY GROUP PLC

## Independent auditor's report (*continued*)

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

### Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

### 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

# OXXY GROUP PLC

## Independent auditor's report *(continued)*

### Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, we report the following:

- \* We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- \* In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- \* The consolidated financial statements are in agreement with the books of account.
- \* In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- \* In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- \* In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- \* In our opinion, the information with regards to the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113 included the management report, have been prepared in accordance with the requirements of subparagraph (iii) of paragraph 2(a) of Article 150 of the Cyprus Companies Law, Cap, 113, and is consistent with the financial statements.

# OXXY GROUP PLC

## Independent auditor's report *(continued)*

### Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Michael J. Hadjihannas



Michael J. Hadjihannas  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**H&P Accountants**  
**Certified Public Accountants and Registered Auditors**

Nicosia, 28 April 2017