OXYGEN FINANCE GROUP LIMITED

Annual Report 2021

and Consolidated Financial Statements

Registered number 11010451 | For the year ended 31 December 2021

CONTENTS

COMPANY INFORMATION

For the year ended 31 December 2021

DIRECTORS	James van den Bergh	Chairman
	Ben Jackson	Chief Executive Officer
	Andrew Price	Chief Financial Officer
	Stephen Greene	Non-Executive Director (resigned 31 October 2021)

REGISTERED NUMBER

11010451

REGISTERED OFFICE

1st Floor, Enterprise House
115 Edmund Street
Birmingham
B3 2HJ

INDEPENDENT AUDITOR

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

CHAIRMAN'S STATEMENT

The last year saw Oxygen Finance achieve several significant milestones; our first EBITDA profit, delivering strong revenue growth and processing our 1,000,000th early payment rebate. It is fitting, therefore, that this year sees the release of our first consolidated Oxygen Group annual report.

The double-digit growth delivered in both our Early Payments and Insights businesses speaks to the value that public and private sector clients alike find in our offerings.

A key strategic objective of Oxygen's parent company, TruFin, has been to reorient income towards more predictable revenue streams, and the consistent, recurring returns. Both the multi-year Payment Programmes and software-as-a-service Insights product contribute meaningfully to this objective.

Our success at retaining existing clients, whilst also attracting new customers, has significantly increased certainty in our expected income.

The business has always strived to deliver clients with savings, efficiency and social value benefits, however as the disruption to global supply chains continues and the world seeks solutions to the climate crisis Oxygen has restated its objective to be a Financial Technology business delivering Social Value. To this end in the last year Oxygen onboarded thousands of suppliers to our FreePay programmes and allowed small and micro business across the United Kingdom to receive Early Payment without charge – providing much needed liquidity to these businesses.

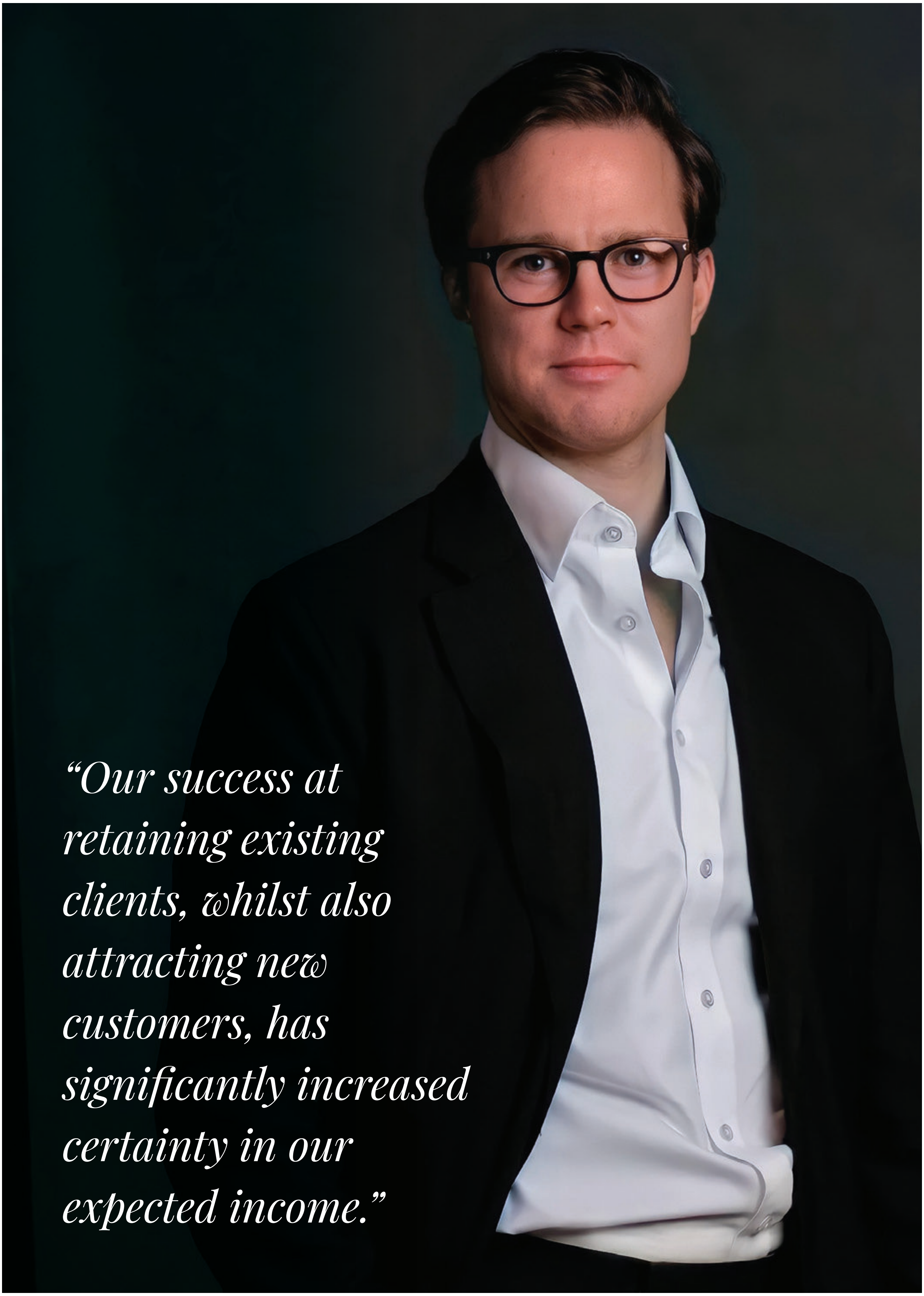
An increased focus on new products has also seen Oxygen's new Insights Carbon reporting tool launched, creating visibility of public sector scope three emissions through supply chains. Given the importance of sustainable procurement in the public consciousness, interest in this product from our public sector clients has understandably been high.

Oxygen is now set to be cash generative in 2022, and as such will no longer require financial support from TruFin. This is a considerable milestone, and one that affirms the Board's confidence in the long-term future success of the business.

I wish to thank our employees, clients and shareholders for their energy and support over the last twelve months.

James van den Bergh
Chairman

19 May 2022


“Our success at retaining existing clients, whilst also attracting new customers, has significantly increased certainty in our expected income.”

CEO'S REVIEW

for the year ended 31 December 2021

Oxygen's financial results during 2021 showed considerable progress with double digit growth in recurring revenue streams and the delivery of the group's first EBITDA profit of £0.5m for the full calendar year. At the period end Oxygen had £0.9m of cash, which is sufficient to fund the group through to profitability and positive cash generation, with no further financial support required from shareholders.

£3.2bn

IN INVOICES PROCESSED TO DATE

13% growth

IN EARLY PAYMENT REVENUE IN 2021 YEAR-ON-YEAR, A RECORD FOR OXYGEN

6.2 years

IS THE AVERAGE EARLY PAYMENT PROGRAMME CLIENT TENURE AS AT END OF 2021

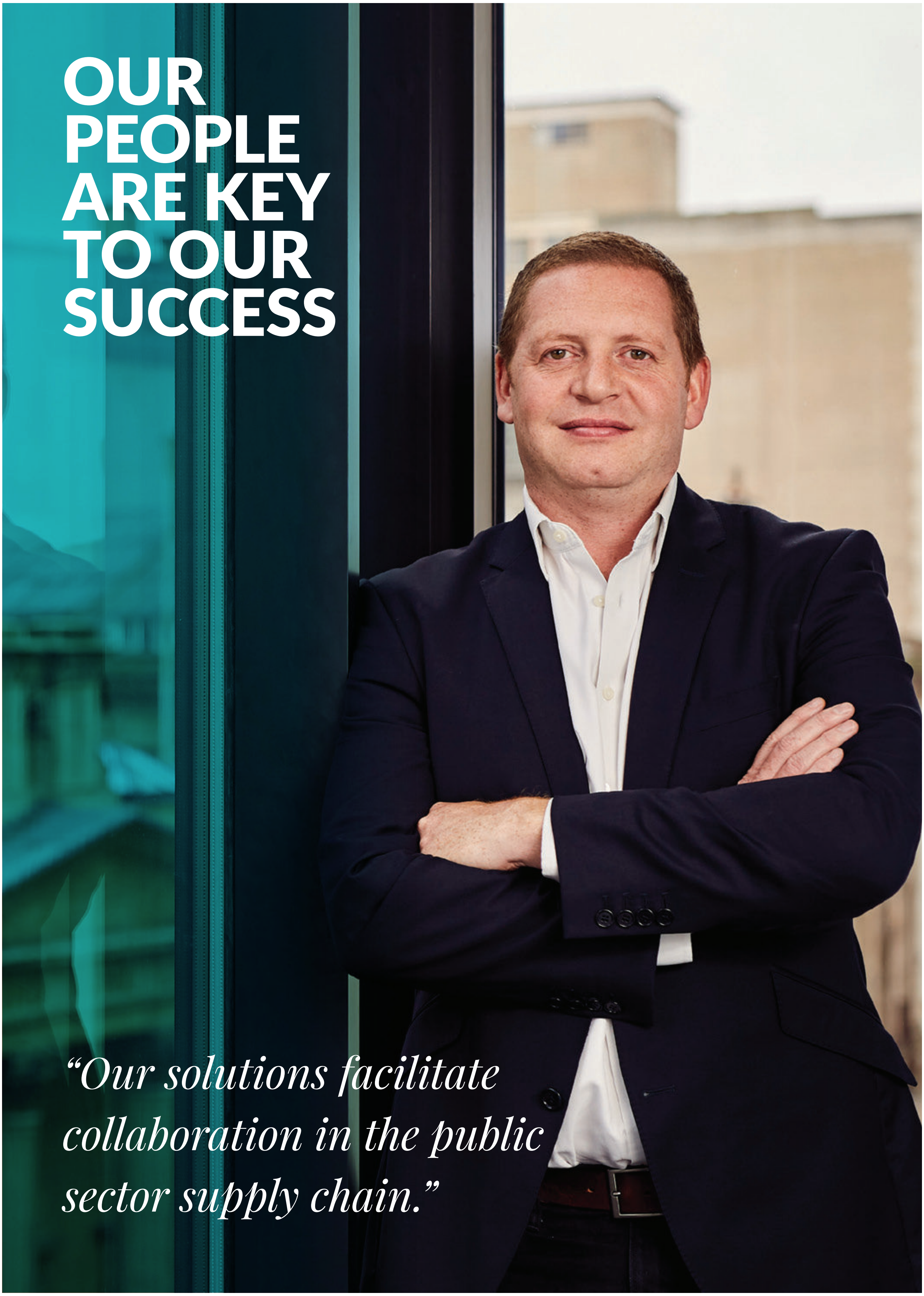
Supporting this financial performance, Oxygen successfully strengthened its position as a Financial Technology Company Delivering Social Value; the group delivered dramatic growth of its FreePay Programme, providing the benefit of early payment without charge to its Local Authority Clients' small and micro suppliers. There was also an extension to the group's product offering with the development of a Carbon Reporting tool to provide insight into public sector Scope 3 emissions.

WHAT WE DO

Oxygen uses its technology platform to promote social and environmentally efficient procurement in the public sector supply chain. Our solutions help our public sector clients identify potential spend and carbon emission efficiencies in their supply chain, and give suppliers the tools to both find new business opportunities and understand how customers' will perceive their carbon impact. With over ten years of experience and an expanding loyal client base, Oxygen Finance has an unrivalled insight into the UK public sector.

The core business has continued to progress well despite the limitations imposed by the pandemic with five new Local Authority clients added during the year and 23 new Insight Solutions clients, giving a record total of clients in excess of 100 for the first time. Client churn continues to be very low with the loss of only two Insights clients during the period, one of which returned during the final quarter 2021.

Our people are key to our success. Our hybrid working model, along with enhanced employee benefits are reflected in our staff rating Oxygen 7.9 out of 10 for 'Happiness at Work' in July 2021.



OUR PEOPLE ARE KEY TO OUR SUCCESS

“Our solutions facilitate collaboration in the public sector supply chain.”

PUBLIC SECTOR PERFORMANCE

EARLY PAYMENT PRODUCTS

Providing support to our public sector clients continues to provide our largest source of recurring revenue. Our proprietary products and services all work together to improve compliance across the procurement cycle. This enables our clients to pay their suppliers, that choose to join our early payment programs, considerably earlier than contracted terms in exchange for a small invoice rebate, which we share. We also facilitate our clients' contributions to their local communities by enrolling small local suppliers onto our Freepay early payment program at no cost. Late payment continues to be responsible for over 50,000 UK businesses failing each year. The reciprocal gains our early payment programmes offer have consistently proven to be attractive to our clients, with 62% reporting that they are 'very satisfied' with the programmes we offer.

Some of our highlights over the past year include:

- We signed five new early payment clients, taking the total to 56.
- Oxygen recorded record early payment revenue in 2021 with 13% growth year-on-year.
- Suppliers participating in our early payment programmes now total 3,515 with a record £280m of new rebateable spend signed during the year.
- In addition we also onboarded over 3,000 FreePay suppliers, for whom we will facilitate early payment without charge.
- Dependence on our top five customers reduced from 61% of revenues in December 2020 to 47% of revenues in December 2021.
- To date we have processed over £3.2bn in invoices and £31.7m in rebates and processed our 1,000,000th rebate in the period.
- Average Early Payment Programme client tenure, as at end of 2021, was 6.2 years.

We offer the same support to our local authority clients in the US from a common IT platform maintained from our Birmingham head office, with Texas Department of Transport consistently being one of our top performing clients. Increasing focus is now being applied to replicate the growth of the UK business in the US. To fully exploit the size of the market it is likely Oxygen may engage with a US based partner, with a number of options under consideration.

INSIGHTS PRODUCTS

Our Insights business aggregates, normalises and categorises public sector spend and contract data, totalling £1trn to date, providing both public and private sector organisations unique insight into third-party public sector spend and environmental impact providing a platform for business development and collaboration.

Two years on from our purchase of Porge Ltd, our Insights products are now fully-integrated as part of the Oxygen's product offering, generating record revenue in the period.

Some of our highlights over the past year include:

- We achieved record Insights revenue in 2021, up 21% year-on-year.
- Usage of our Insights products continues to grow, up by 51% year-on-year.
- The spend captured by our Insights products now exceeds £1trn.
- Published our second 'Local Government Third Party Spend Almanac' with EY.
- Launched our Illuminator+ product, providing essential information on the finances, structure and risk profile of public sector suppliers.

FINANCIAL TECHNOLOGY DELIVERING SOCIAL VALUE

OUTLOOK

In a post-pandemic, hybrid-working world, we expect the strong growth of the digital economy to continue which creates opportunities not only for our core products, but for the complementary products we can offer with our partners.

Our core products provide recurring revenue and sustainable recurring growth from a majority public-sector client base, with a largely fixed and well-managed cost base. Considerable potential synergies exist between the customers of our two core areas (early payment and spend insights) and plans to realise these gains will be accelerated over the coming year.

In addition, the social value that early payment delivers, both through increased liquidity for suppliers (and by extension their local economies) and the additional funding it generates for essential public services, is an essential part of Oxygen's value proposition, and one that our communications will be focussing on over the next year. This includes our groundbreaking FreePay early payment programme, which allows clients to pay small and micro businesses early, without charge.

In recent years we have signed partnerships with Oracle, Fiscal Technologies, Embridge and CloudTrade. Looking forwards, we see significant opportunities this year to work with partners to serve our clients by helping them tackle fraud and late payments, better manage compliance, and improve financial visibility and control. In addition, Oxygen's contract as the sole early payment provider on the NEPO framework has six years left to run and continues to present a significant opportunity.

Our early business should benefit from both new clients and an increase in the supplier base served by our existing early payment programmes, which along with our exemplary renewal rate is a central driver of growth. Similarly, our focus on driving usage coupled with strong renewal rates will be key to delivering growth within our Insights business.

Our focus is to continue to deliver growth across our growing client portfolio, confident that this will be bolstered by new products and our existing strong and growing margins. We thank our clients, staff and investors for their support over the last twelve months and look forward to what should prove to be another strong year for our business.

Ben Jackson
Chief Executive Officer

19 May 2022

"We expect the strong growth of the digital economy to continue which creates opportunities"

21% growth

ACHIEVED IN OUR INSIGHTS BUSINESS YEAR-ON-YEAR

51% growth

IN INSIGHTS PRODUCT USAGE COMPARED TO LAST YEAR

£1trn

IN PUBLIC SECTOR SPEND NOW CAPTURED BY OUR INSIGHTS PRODUCTS

GROUP STRATEGIC REPORT

Financial performance of the business during the year has been strong with the group reporting its first EBITDA profit, driven by strong growth in recurring revenue from early payment rebates and Insight Solutions subscriptions. The progress made has inevitably been restricted by the limitations imposed by the COVID 19 pandemic which has been a significant challenge to our Public Sector clients in supporting their local communities. As we began to emerge from the pandemic, we have seen a strong growth in suppliers choosing to join the early payment programs of our Public Sector clients, and demand for our Insights solutions has been strong.

REVENUE

Financial revenue growth has been strong with both Early Payment and Insight solution generating record revenues and growth.

Oxygen's early payment revenue at £2.3m grew by 13.7% over the prior year to new record levels. The client portfolio continues to mature with contract tenure at 6.2 years with clients having completed their initial five-year contract term choosing to renew their contracts, with no client churn during the year. Early payment revenues are also becoming more resilient as the dependency on mature clients reduces with an increasing contribution from more recently added clients in their initial contract term, with dependency on the largest five clients reduced below 50% for the first time.

Revenue generated from Insights solutions also hit record levels at £1.1m representing growth at 19.7% over the prior year with the number of subscription clients totalling 70 at the year end with an impressive portfolio of the UK's leading public sector and blue chip private sector businesses. Demand for Insight solutions continues to be robust with both public and private clients; the public sector uses Oxygen's data Insights to collaborate with other public bodies to determine efficient procurement outcomes with an increasing focus on environmental outcomes while the private sector used Insights solutions for business development with the unprecedented insights Oxygens' data intelligence provides.

OPERATING PROFIT

Delivery costs for both recurring revenue streams are largely fixed with record gross margins exceeding 60% for both revenue streams because of increasing revenues. Strong cost control was maintained which kept overhead costs flat which, combined with revenue growth, delivered Oxygen's first EBITDA profit. Oxygen's operating losses were also much reduced.

A reconciliation of operating loss to EBITDA is as follows:

	2021 £000	2020 £000
Operating loss per consolidated income statement	**(729)**	(1,295)
Add back depreciation and amortisation costs:		
Depreciation of tangible fixed assets (note 5)	**74**	110
Amortisation of intangible assets (note 5)	**1,183**	840
Impairment of intangible assets (note 5)	**-**	222
EBITDA profit/(loss)	**528**	(123)

INVESTMENT

Oxygen continues to invest in implementing new clients and in improvements in its technology platform and increasing its product offering. Oxygen maintains this investment activity as a core competence with a dedicated in-house implementation and development team. Investment in these intangible assets totalled £1.5m during the year, which will be amortised once projects are complete. The amortisation charge during the year increased reflecting the successful "go-live" of seven early payment clients.

PROSPECTS

Oxygen relies on all of its team to secure the future of the business and deliver growth. Oxygen has adopted a comprehensive Objective Key Result "OKR" management system with all team members having individually defined measurable objectives contribution to deliver the business's key objectives:

- Deliver maximum value for all existing clients
- Establish new products and processes to deliver incremental revenue
- Confirm Oxygen as a leading provider of Social Value to the stakeholders its serves
- Replicate Oxygen's UK success in the US

Oxygen's results in 2021 provided a solid foundation which will ensure 2022 will be another exciting year in its development.

Our Vision – Financial technology delivering social value.

Our Mission – Oxygen helps businesses thrive and public sector organisations deliver economic and social benefit to our world.

Our Approach – Through progressive payment practices, big data and expertise, Oxygen allows public sector and private organisations to trade more effectively. Payments become frictionless, data becomes information driving growth and efficiency resulting in better social and economic outcomes.

STRATEGIC OBJECTIVES

Deepen Our Relationship With Our Customers

Payment and Insight Solutions remain the bedrock of our business. These highly valuable re-occurring revenue streams will continue to drive the business's growth, stability, and value. As we sign-up more suppliers to our early payment programmes, rebateable revenues will grow, increasing both our revenues and the income we deliver to our clients.

Establish New Products & Partnerships

Increased Solution and Product offerings though organic development and partnering will deliver incremental revenues from existing clients, allowing Oxygen to sustain pricing and defend our market position.

Be Recognised as a Provider of Social Value

Our local authority customers can struggle to demonstrate their commitment to delivering social value through their procurement practices. The clear benefits that early payment programmes can deliver to local economies, especially our FreePay solution that pays small and micro suppliers early without charge, provide a way for local authorities to make a meaningful and demonstrable impact on the social value agenda.

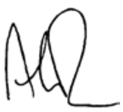
PRINCIPAL RISKS AND UNCERTAINTIES

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Principal risks are a risk or combination of risks that, given the Group's current position, could seriously affect the performance, future prospects or reputation of the Group. These risks could potentially threaten the businesses, performance, solvency or liquidity, or prevent the delivery of the strategic objectives. The Board has overall responsibility for ensuring that risk is appropriately managed across the Group.

The key risks identified and which the Board has reasonable expectation are appropriately mitigated are:

- **Strategic risk** – Strategic and business risk is the risk which can affect the Group's ability to achieve its corporate and strategic objectives. It is the risk on the performance of the Group arising from its strategic decisions, change in the business conditions, improper implementation of decisions or lack of responsiveness to industry changes. It is particularly important as the Group continues its growth strategy. The Group will not put its core strategic and business objectives at a level of risk which is beyond its financial resources and operational capabilities. The Group will monitor and continually review this risk
- **Operational risk** – the risk of financial loss and/or reputational damage resulting from inadequate or failed internal processes, people and systems or from external events. The exposure to operational risk has increased from the previous year as the businesses have grown. Mitigating factors are: the Group reviews its operational infrastructure to ensure that it is secure and fit for purpose, the Group maintains a strong internal control environment and the Group has also factored in the strengthening of processes and systems.

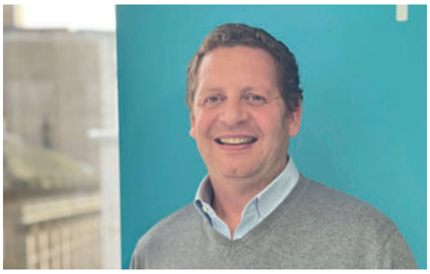


A C Price

Director

19 May 2022

MANAGEMENT AND BOARD



BEN JACKSON

Chief Executive Officer

As CEO, Ben is responsible for company strategy, our social value commitment, and Oxygen's continued rapid growth across sectors in the UK and North America. Prior to joining Oxygen in 2009 as COO, Ben spent 15 years in procurement, supply chain and transformation at companies including Cable & Wireless, Royal Mail, Network Rail and Fujitsu.

JAMES VAN DEN BERGH

Chairman

With more than 16 years of investment banking and capital markets experience, James led the alternative finance team at Arrowgrass Capital Partners from its inception in 2013 until late 2017. James began his career at Merrill Lynch and was formerly a partner at SAC Capital Advisors, Walter Capital Management LLP and Ivaldi Capital LLP. James is CEO at TruFin Plc.

ANDREW PRICE

Chief Financial Officer

Oxygen's CFO, Andrew, has worked in a number of international senior finance roles within FTSE-listed and private equity-backed companies across a diverse range of sectors. Prior to Oxygen, Andrew set up the financial functions for Airband Communications, was Financial Director at the Rigby Group, and was CFO and a founding member of Cuadrilla Resources.

CLIVE BODDINGTON

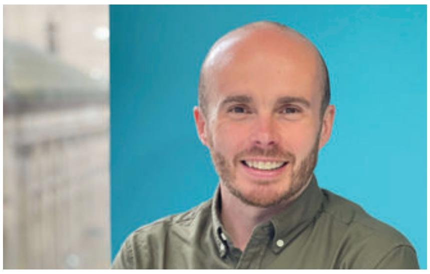
Chief Operating Officer

Since joining Oxygen in 2011, Clive's main responsibility has been developing the company's delivery methodology and all supporting assets. Prior to Oxygen, Clive worked for 14 years at Accenture, and has held senior management positions at Cable & Wireless, Royal Mail and was a COO & CTO at a Telco start-up.

LIBBY DANIELS

Head of Supplier Engagement

Libby is responsible for Oxygen's onboarding strategy and outcomes across all clients. Prior to joining Oxygen, Libby was part of a public sector procurement team in central government, responsible for significant IT transformation projects.



ROB PARKER

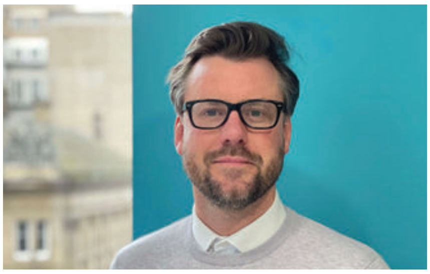
Chief Technology Officer

Rob started working for Oxygen in 2016, where he was quickly promoted to CTO. Before Oxygen, Rob has worked for iForce where he led a re-platforming project to enable the business to become a SAAS provider, and served as Technical Director for a FinTech in the reclaim industry.

SIMON WHITTLE

Head of Public Sector Sales

Simon is primarily responsible for growing Oxygen's UK local authority client base. Prior to joining Oxygen, Simon enjoyed a successful career with Royal Bank of Scotland, working in both the investment banking division and providing risk management solutions to the bank's regional clients.



STUART NICHOLS

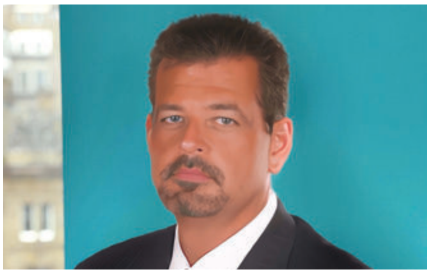
Head of Service Management

Stuart joined Oxygen in 2012 to lead the Supplier Engagement team with the company's first implementation and is now responsible for managing the Service Management team. Before joining Oxygen Stuart worked in project management for British Gas.

VICKI SLOANE

Head of Programmes

Vicki joined Oxygen in 2012 and has over 15 years' experience in purchase to pay, working in different industries and as a Consultant for KPMG and PwC. A qualified accountant, she has led projects including ERP implementations, shared services set-up and business process transformations.



DAVE ROUDEBUSH

EVP & GM Americas

David joined Oxygen in 2012 as Senior VP of Sales for North and South America. His past roles include positions as VP of Sales and Services for Peregrine Systems (sold to HP), Business Resource Group and Promisec, as well as COO of Planet Associates. He also served in the US Navy for five years.

LESLEY EATON

Operations Director

Lesley joined Oxygen in 2018 as Operations Director for the Insights Solutions division, having previously worked as Service Manager for Porge Research. Before Oxygen, Lesley spent over 20 years working in central and local government including the Ministry of Defence, the former Department for Employment and Rochdale Metropolitan Borough Council.

JAMES JORDAN

Senior Sales and Commercial Manager

James has spent the last 15 years delivering insight, competitive advantage and significant growth for clients across the globe. As Sales Lead for Oxygen's Insight Solutions division, he is responsible for commercial strategy to ensure awareness, placement and the sales execution required to grow the company's position.

DIRECTORS' REPORT

The Directors of Oxygen Finance Group Limited (the "Company") present their report with the audited financial statements of the Company and the Group the year ended 31 December 2021.

RESULTS AND DIVIDENDS

The financial statements reflect those of the Company, together with its subsidiaries (the "Group" or "Oxygen""). The Directors present Group accounts for the first time and the comparative information for the year ended 31 December 2020 has been restated on a Group basis.

The Group recognised a loss after tax for the year of £1,009,000 (2020: £4,170,000). The Directors do not recommend the payment of a dividend.

The operating loss has decreased from £1,275,000 in 2020 to £729,000 in 2021 and this improvement was driven by an 18% growth in revenue from £3,474,000 in 2020 to £4,108,000 in 2021.

In 2020, the Group considered the probability of future taxable profits in the short term and opted to derecognise a deferred tax asset of £2.5m. This is without prejudice to the expected profits in the medium to longer term which the Group continues to see crystallising.

PRINCIPAL ACTIVITY

The principal activity of the group is to promote social and environmentally efficient procurement solutions between public and private sector organisations. Oxygen has an unrivalled expertise in the UK public sector. Oxygen works with its public sector clients to make payments easier and faster, with a focus on supporting its clients small local suppliers.Oxygen uses its technology platform to provide insight into opportunities in the public sector supply chain facilitating collaboration across its public sector clients and enabling suppliers to identify cost effective and environmentally effective solutions.

DIRECTORS

The directors who held office during the year and up to the date of this report were as follows:

James van den Bergh
Ben Jackson
Andrew Price

Stephen Greene (resigned 31 October 2021)

DIRECTORS INSURANCE AND INDEMNITIES

Throughout the year the Company has maintained Directors and Officers liability insurance for the benefit of the Company, the Directors and its officers. The Directors consider the level of cover appropriate for the business and it will remain in place for the foreseeable future.

FUTURE DEVELOPMENTS

Oxygen will continue to build new client and supplier relationships which, given the operational gearing in the business, are expected to lead in turn to profitability and enhanced performance.

The Directors believe that Oxygen's product offering is well developed, robust, and scalable. Oxygen's objective is to sign up more customers, sell more product to existing customers, and benefit from inherent operational gearing.

In the medium term, Oxygen aims to continue its expansion in the UK public sector including with smaller councils and through further expansion into the NHS and Central Government.

GOING CONCERN

The Directors have completed an assessment of the Group's finances in view of the economic outlook and are of the view that the Group's cash holdings are sufficient to ensure adequate cashflow for the foreseeable future. The Directors believe there are no material uncertainties that call into doubt the Group's ability to continue as a going concern and there have been no significant events affecting the Group since the year end. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

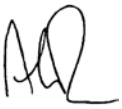
DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, Crowe U.K. LLP will be deemed to be reappointed and will therefore continue in office.

By order of the board



Andrew C Price
Director

19 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in conformity with the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXYGEN FINANCE GROUP LIMITED

for the year ended 31 December 2021

OPINION

We have audited the financial statements of Oxygen Finance Group Limited ('the Parent Company') and its subsidiaries ('the Group') for the year ended 31 December 2021, which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Balance Sheets, Consolidated and Parent Company Statement of Changes of Equity and the related notes 1 to 21 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- the financial statements give a true and fair view of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXYGEN FINANCE GROUP LIMITED CONT...

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement on page 14 , the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXYGEN FINANCE GROUP LIMITED CONT...

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management; timing and recognition of income and posting of unusual or complex transactions or journals. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases, testing the timing and recognition of revenue, we have also tested a sample of journals to confirm they were appropriate and in line with standard business processes.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may

involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

USE OF OUR REPORT

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

Crowe UK LLP

Mark Evans (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

23 May 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Revenue	4	4,108	3,474
Cost of sales		(1,449)	(1,525)
Gross profit		2,659	1,949
Other operating income		21	69
Administrative expenses		(3,409)	(3,293)
Operating loss	5	(729)	(1,275)
Interest payable and similar expenses	9	(530)	(471)
Loss before tax		(1,259)	(1,746)
Tax on loss	10	250	(2,424)
Loss for the year		(1,009)	(4,170)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		1	81
Total comprehensive loss for the year		(1,008)	(4,089)

The results above relate to continuing operations.

The accompanying notes on pages 23 to 42 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

at 31 December 2021

	Note	31 December 2021 £000	31 December 2020 £000
Fixed assets			
Intangible assets	12	5,747	5,673
Tangible assets	13	26	97
		5,773	5,770
Current assets			
Trade and other receivables	14	1,600	1,109
Cash		921	551
		2,521	1,660
Total assets		8,294	7,430
Current liabilities			
Trade and other payables	15	(14,782)	(12,853)
Non-current liabilities			
Trade and other payables	16	(40)	(116)
Total liabilities		(14,822)	(12,969)
Net liabilities		(6,528)	(5,539)
Equity attributable to equity holders of the parent			
Share capital	19	1	1
Share premium account	19	27,140	27,121
Foreign exchange reserve		44	43
Profit and loss account		(33,713)	(32,704)
Total deficit		(6,528)	(5,539)

These financial statements were approved by the board of directors on 19 May 2022 and were signed on its behalf by:

A C Price
Director

Company registered number: 11010451

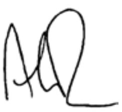
The accompanying notes on pages 23 to 42 form an integral part of these financial statements.

PARENT COMPANY BALANCE SHEET

at 31 December 2021

	Note	31 December 2021 £000	31 December 2020 £000
Fixed assets			
Investments	11	32,689	29,864
Current assets			
Trade and other receivables	14	7,095	7,631
Total assets		39,784	37,495
Current liabilities			
Trade and other payables	15	(13,087)	(10,678)
Total liabilities		(13,087)	(10,678)
Net assets		26,697	26,817
Equity attributable to equity holders of the parent			
Share capital	19	1	1
Share premium account	19	27,140	27,121
Profit and loss account		(444)	(305)
Total equity		26,697	26,817

These financial statements were approved by the board of directors on 19 May 2022 and were signed on its behalf by:



A C Price
Director

19 May 2022

Company registered number: 11010451

The accompanying notes on pages 23 to 42 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	Share capital £000	Share premium account £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020		1	27,121	(38)	(28,534)	(1,450)
Loss for the year		-	-	-	(4,170)	(4,170)
Other comprehensive income for the year		-	-	81	-	81
Balance at 31 December 2020		1	27,121	43	(32,704)	(5,539)
Balance at 1 January 2021		1	27,121	43	(32,704)	(5,539)
Issue of shares	19	-	19	-	-	19
Loss for the year		-	-	-	(1,009)	(1,009)
Other comprehensive income for the year		-	-	1	-	1
Balance at 31 December 2021		**1**	**27,140**	**44**	**(33,713)**	**(6,528)**

The accompanying notes on pages 23 to 42 form an integral part of these financial statements.

Share capital

Share capital represents the nominal value of equity share capital issued.

Share premium account

The share premium account represents the premium paid for new equity shares issued above their nominal value.

Foreign exchange reserve

The foreign exchange reserve represents exchange differences which arise on consolidation from the translation of the financial statements of the foreign subsidiary incorporated in the USA – Oxygen Finance Americas Inc.

Profit and loss account

The profit and loss account represents cumulative net gains and losses.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	Share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020		1	27,121	(167)	26,955
Total recognised income and expense for the year		-	-	(138)	(138)
Balance at 31 December 2020		1	27,121	(305)	26,817
Balance at 1 January 2021		1	27,121	(305)	26,817
Issue of shares	19	-	19	-	19
Total recognised income and expense for the year		-	-	(139)	(139)
Balance at 31 December 2021		**1**	**27,140**	**(444)**	**26,697**

The accompanying notes on pages 23 to 42 form an integral part of these financial statements.

NOTES

(forming part of the financial statements)

1. GENERAL INFORMATION

Oxygen Finance Group Limited ("The Company") is a private company and is incorporated and domiciled in the United Kingdom, registration number 11010451.

The registered office is 1st Floor, Enterprise House, 115 Edmund Street, Birmingham, B3 2HJ.

The Company is a holding company of a group of companies whose principal activities is to promote social and environmentally efficient procurement solutions between public and private sector organisations. The Group's operations are based in both the UK and the USA.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101) and the Companies Act 2006.

The financial statements have been prepared on a historical cost basis and on a going concern basis. The financial statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Group operates. Amounts are rounded to the nearest thousand.

This is the first time that the Company has elected to prepare consolidated financial statements as it has previously applied the exemption by virtue of section 400 of the Companies Act 2006, from the requirement to prepare group financial statements.

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

2.2 Financial reporting standard 101 – reduced disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to sharebased payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

2.3 Going concern

As stated in the Director's Report, the Directors have completed an assessment of the Group's finances in view of the economic outlook and are of the view that the Group's cash holdings are sufficient to ensure adequate cashflow for the foreseeable future. The Directors believe there are no material uncertainties that call into doubt the Group's ability to continue as a going concern and there have been no significant events affecting the Group since the year end. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

2.4 Foreign currency

The Company's functional and presentational currency is GBP.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and nonmonetary items measured at fair value are measured using the exchange rate when fair value was determined.

NOTES CONT...

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract and when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The split of revenue is as follows:

Transactional fee income from Early Payment Programme Services ("EPPS") contracts

The Company's Early Payment Programme Services generates rebates (i.e. discounts on invoice value) for its clients by facilitating the early payment of supplier invoices. The Company's single performance obligation is to make its intellectual property and software platform available to its clients for the duration of their contracts.

The Company bills its clients monthly for a contractually agreed share of supplier rebates generated by their respective Early Payment Programmes during the month. This revenue is recognised in the month the rebates are generated. Revenue is accrued over the period of the assessment.

Insight Services

The Insight Services offered by the Company provide focussed public sector procurement data and analytics on a subscription basis. Clients cover both the Private sector, enabling them to improve and develop their engagement with the public sector, and Public sector organisations, enabling them to make more informed procurement decisions.

Other Services - Implementation Fees

Implementation fees are charged to some clients in establishing a client's technological access to the Early Payment Programme Services and in otherwise readying a client to benefit from the Services. Establishing access to the Company's intellectual property and software platform does not amount to a distinct service as the client cannot benefit from the initial access except by the Company continuing to provide access for the contract period. Where an implementation fee is charged, it is therefore a component of the aggregate transaction price of the Early Payment Programme Services. Accordingly, such revenue is initially deferred and then recognised in the statement of comprehensive income over the life of the related Early Payment Programme Service contract.

Other Services - Consultancy Fees

The Company provides standalone advisory services to clients. Revenue is accrued as the underlying services are provided to the client.

NOTES CONT...

2. ACCOUNTING POLICIES (CONTINUED)

2.6 IFRS 16 – leases

In accordance with the exemptions provided by paragraph 5 of the standard, the company has elected to apply IFRS 16 to all of its leases, except for the following:

- short-term leases, with a lease term of 12 months or less as of the commencement date;
- leases for which the underlying asset is of low value (equivalent of below $5,000), based on the value of the asset when it is new; and
- variable lease payments without minimum guaranteed consideration that, by definition, cannot be considered firm and therefore do not constitute lease liabilities to be recognised in the balance sheet.

Recognition of leases under IFRS 16

Under IFRS 16, for each affected lease, the following items are recognised in the balance sheet as of the commencement date:

- a lease liability, corresponding to the present value of all fixed future payments for the estimated term of the lease. The current and noncurrent portions of the liability are presented separately. Fixed future lease payments include the remeasurement of any payments that depend on an index or a growth rate established in the lease. They may also include the value of any purchase options or estimated penalties for terminating the lease, where the company is reasonably certain to exercise these options. In addition, any lease incentives receivable as of the commencement date are deducted from fixed payments;
- a right-of-use asset, corresponding to the value of the lease liability less any incentives received from the lessor and plus any prepaid lease payments, initial direct costs and the estimated cost of restoring the asset where required by the terms and conditions of the lease.

After the commencement date and at each reporting date the lease liability is remeasured as follows:

- an increase reflecting the discounting adjustments made over the period depending on the incremental borrowing rate applied to the lease, with a corresponding entry to "Interest expense on leases", a new line item included within "Interest payable and similar charges" in the income statement; a reduction reflecting the lease payments made over the period, with a corresponding entry to "Cash and cash equivalents" in the Statement of financial position;
- an increase reflecting any revisions to the index or growth rate applicable to the lease payments, where appropriate, with a corresponding entry to "Right-of-use assets" in the Statement of financial position;
- an increase or a reduction reflecting the remeasurement of future lease payments further to a change in the estimated lease term, with a corresponding entry to "Right-of-use assets" in the Statement of financial position;

The right-of-use asset is remeasured as follows:

- a reduction reflecting the depreciation of the asset on a straightline basis over the term of the lease, with a corresponding entry to "Depreciation of rightofuse assets" within "Amortisation, depreciation & write off" in the Statement of comprehensive income;
- a reduction reflecting the potential impairment of rightofuse assets, with a corresponding entry to "Amortisation, depreciation & write off" in the Statement of comprehensive income;
- an increase reflecting any revisions to the index or growth rate applicable to the lease payments, where appropriate, with a corresponding entry to "Lease liabilities" in the Statement of financial position; and
- an increase or a reduction reflecting the remeasurement of future lease payments further to a change in the estimated lease term, with a corresponding entry to "Lease liabilities" in the Statement of financial position.

NOTES CONT...

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Interest income and expense

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

The Effective Interest Rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs and all other premiums or discounts.

The interest income/expense is calculated by applying the EIR to the gross carrying amount of noncredit impaired financial assets (that is, to the amortised cost if the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES CONT...

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

Intangible assets with finite lives are stated at acquisition or development cost less accumulated amortisation and less any identified impairment. The amortisation period and method are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates.

Contract assets comprise the directly attributable costs incurred at the beginning of an Early Payment Scheme Service contract to revise a client's existing payment systems and provide access to the Company's software and other intellectual property. These implementation (or "set up") costs are comprised primarily of employee costs.

The useful economic life for each individual asset is deemed to be the term of the underlying Client Contract (generally 5 years) which has been deemed appropriate and for impairment review purposes, projected cash flows have been discounted over this period.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straightline method.

Depreciation is provided on the following basis:

Short-term leasehold property	5 years (over the lease term)
Office equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.13 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cashgenerating unit to which the asset has been allocated) is tested for impairment. 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 (or CGU'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 (CGUs). Nonfinancial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.14 Research and development

The Group undertakes research and development activities with the aim of making improvements to the payment platform technology. Research costs are expensed as incurred and development costs (principally staff and consultancy costs) are treated as intangible assets and are amortised and reviewed for impairment at each balance sheet date and when events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES CONT...

2. ACCOUNTING POLICIES (CONTINUED)

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Creditors are obliged to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Financial Instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are derecognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost.

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.19 Government Grants

Government Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in the profit and loss in the period in which they become receivable. These grants are deducted from the expense that the grant is related to.

NOTES CONT...

3 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management's judgment, which, where necessary, have to be made in the course of preparation of the financial statements.

The Company determines estimates and assumptions that affect the reported amounts of assets and liabilities for the next financial period. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Actual results may differ from these estimates.

Estimates and judgments are evaluated on a continuous basis, and are based on past experiences and other factors, including expectations with regards to future events. The application of accounting policies and management's judgments for certain items are especially critical for the Company's results and financial situation due to their materiality.

The judgments and estimates that have a significant effect on the amounts recognised in the historical financial information are noted below.

Critical accounting judgments

Impairment reviews of intangible assets the Company performs impairment reviews at the reporting period end to identify intangible assets that have a carrying value that is in excess of its recoverable amount. Determining the recoverability of intangible assets requires judgment in both the methodology applied and the key variables within that methodology. Where it is determined that an asset is impaired, its carrying value will be reduced to its recoverable amount with the difference recorded as an impairment charge in the income statement.

EPPS set up costs the Company capitalises the direct costs of implementing EPPS contracts for clients. These costs are essential to the satisfaction of the Company's performance obligation under that contract, and accordingly the Company considers that these costs meet the applicable criteria for recognition as contract assets.

NOTES CONT...

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Transactional fee income from EPPS contracts – UK	**2,266**	1,992
Transactional fee income from EPPS contracts – USA	**316**	238
Insight Services	**1,112**	929
Other Services	**414**	315
	4,108	3,474

Arising in the UK	**3,792**	3,236
Arising in the USA	**316**	238
	4,108	3,474

5. OPERATING LOSS

Operating loss is stated after charging the following:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	**74**	110
Amortisation of intangible assets, including goodwill	**1,183**	840
Impairment of intangible assets	**-**	222

NOTES CONT...

6. AUDITOR'S REMUNERATION

	2021 £000	2020 £000
Fees payable to Crowe U.K. LLP:		
Audit of the annual accounts of the parent company, Oxygen Finance Group Limited	15	5
Audit of the financial statements of the company's subsidiaries for period to 31 Dec	15	15
Audit of Oxygen Finance Limited for the short period to 28 Feb 2021	11	-
Total audit fees	41	20

7. STAFF NUMBERS AND COSTS

The average number of persons (including executive directors) employed by the Group during the year was:

	Number of employees	
Group	2021	2020
Management and administrative support	52	52

The aggregate payroll costs of these persons were as follows:

Group	2021 £000	2020 £000
Wages and salaries	3,158	3,196
Social security costs	353	344
Contributions to defined contribution plans	89	82
Government grant	(21)	(69)
	3,579	3,553

Income from government grants as a result of the Covid-19 pandemic, specifically in relation to the UK Job Retention Scheme have been recognised in the Income Statement and directly offset against the payroll costs. There are no unfulfilled conditions or other contingencies attached to these grants.

The Company has no employees other than the directors.

NOTES CONT...

8. DIRECTORS' REMUNERATION

	2021 £000	2020 £000
Directors' emoluments	438	392

During the year ended 31 December 2021, the aggregate emoluments of the highest paid director were £266,000 (2020: £263,000) including company contributions to the directors money purchase pension plan of £7,000 (2020: £7,000).

9. FINANCE EXPENSES

Group	2021 £000	2020 £000
Interest payable and similar expenses		
Finance charge on lease liability for assets-in-use	3	6
Interest payable on amounts due to TruFin plc	527	464
Other interest payable	-	1
	530	471

NOTES CONT...

10. TAXATION

Recognised in the income statement

Group	2021 £000	2020 £000
Current tax income	(250)	(80)
Deferred tax expense	-	2,504
Total tax (income)/charge	(250)	2,424

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

Group	2021 £000	2020 £000
Loss before tax for the year	(1,259)	(1,746)
Tax using the UK corporation tax rate of 19%	(239)	(332)
Expenses not deductible for tax purposes	53	56
R+D tax credit	(250)	(80)
Adjustments to opening/closing deferred tax	-	(685)
Deferred tax asset not recognised	186	3,465
Total tax (income)/charge for the year	(250)	2,424

The UK Government enacted changes to the UK tax rate in 2020, resulting in the rate remaining at 19% (instead of the previously intended reduction from 19% to 17%). In the 2021 Budget, the UK Chancellor announced that legislation would be proposed to increase the main rate of corporation tax to 25% from 1 April 2023.

Tax has been calculated based on the rate of 19% which was effective for the period.

No deferred tax asset has been recognised in the period. In the previous accounting period, the Group considered the probability of future taxable profits in the short term and opted to derecognise a deferred tax asset of £2.5m. This is without prejudice to the expected profits in the medium to longer term which the Group continues to see crystallising.

The Group has estimated accumulated tax trading losses of £36,426,000 (2020: £36,473,000) which are available for offset against future taxable income.

NOTES CONT...

11. INVESTMENTS IN SUBSIDIARIES

Company	Shares in subsidiary undertakings £000
Cost and net book value	
At 1 January 2021	29,864
Additions	2,825
At 31 December 2021	32,689

During the period, the Company capitalised loans due from subsidiary companies of £2,825,000.

The subsidiaries of the Company are as follows:

	Country of Incorporation	Registered Address	Nature of business	Ownership
Oxygen Finance Limited	UK	1st Floor, Enterprise House, 115 Edmund Street, Birmingham, B3 2HJ, UK	Provision of Early Payment Services	100%
Oxygen Finance Americas Inc	USA	1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, USA	Provision of Early Payment Services	100%

On 16 December 2021, an application was made to Companies House to strike off and dissolve Porge Limited, a non-trading 100% subsidiary company that was incorporated in the UK. Porge Limited had not traded since the transfer of its trade and activities to Oxygen Finance Limited in 2020.

NOTES CONT...

12. INTANGIBLE ASSETS

Group	Development expenditure £000	Separately identifiable intangible assets £000	Goodwill £000	Total £000
Cost				
At 1 January 2020	3,625	1,387	1,372	**6,384**
Additions	1,472	-	-	**1,472**
Disposals	(98)	-	-	**(98)**
Balance at 31 December 2020	4,999	1,387	1,372	**7,758**
At 1 January 2021	4,999	1,387	1,372	**7,758**
Additions	1,291	-	-	**1,291**
Disposals	(256)	-	-	**(256)**
Balance at 31 December 2021	6,034	1,387	1,372	**8,793**
Amortisation				
At 1 January 2020	(728)	(393)	-	**(1,121)**
Amortisation charge for the year	(563)	(277)	-	**(840)**
Impairment charge for the year	(222)	-	-	**(222)**
Disposals	98	-	-	**98**
Balance at 31 December 2020	(1,415)	(670)	-	**(2,085)**
At 1 January 2021	(1,415)	(670)	-	**(2,085)**
Amortisation charge for the year	(905)	(278)	-	**(1,183)**
Disposals	222	-	-	**222**
Balance at 31 December 2021	(2,098)	(948)	-	**(3,046)**
Net book value				
At 31 December 2021	**3,936**	**439**	**1,372**	**5,747**
At 31 December 2020	3,584	717	1,372	**5,673**

Amortisation charges are recognised within administrative expenses in the Statement of Comprehensive Income.

Development expenditure – The useful economic life for each individual development expenditure asset is deemed to be the term of the underlying Client Contract (normally 5 years) which has been deemed an appropriate basis for the amortisation.

Goodwill – Goodwill of £2,759,000 arose from the acquisition of Porge by the Group in August 2018. Following the acquisition, separately identifiable intangible assets of £1,387,000 primarily relating to the value of the contracts in the business at acquisition were recognised. These are being amortised over 5 years resulting in an amortisation charge of £278,000 (2020: £277,000) during the year. The Net Book Value of these assets at 31 December 2021 was £439,000 (2020: £717,000). Goodwill related to this transaction excluding these assets at 31 December 2021 was £1,372,000 (2020: £1,372,000).

NOTES CONT...

13. TANGIBLE FIXED ASSETS

Group	Office equipment £000	Right of use asset £000	Total £000
Cost			
At 1 January 2020	326	258	**584**
Additions	3	-	**3**
Disposals	(291)	(32)	**(323)**
Balance at 31 December 2020	38	226	**264**
At 1 January 2021	38	226	**264**
Additions	3	-	**3**
Disposals	(12)	-	**(12)**
Balance at 31 December 2021	29	226	**255**
Depreciation			
At 1 January 2020	(296)	(84)	**(380)**
Charge for the year	(26)	(84)	**(110)**
Disposals	291	32	**323**
Balance at 31 December 2020	(31)	(136)	**(167)**
At 1 January 2021	(31)	(136)	**(167)**
Charge for the year	(6)	(68)	**(74)**
Disposals	12	-	**12**
Balance at 31 December 2021	(25)	(204)	**(229)**
Net book value			
At 31 December 2021	**4**	**22**	**26**
At 31 December 2020	7	90	**97**

The right of use asset relates to the lease of an office building.

NOTES CONT...

14. TRADE AND OTHER RECEIVABLES

Group	2021 £000	2020 £000
Current		
Trade receivables	675	501
Other receivables	451	189
Prepayments and accrued income	474	419
	1,600	1,109

Company	Note	2021 £000	2020 £000
Current			
Amounts owed by subsidiary undertakings		7,036	7,613
Other receivables	20	59	18
		7,095	7,631

NOTES CONT...

15. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	Note	2021 £000	2020 £000
Current			
Trade payables		165	198
Amounts owed to parent company – TruFin plc		13,065	11,111
Social security and other taxes		264	193
Right of use liability	18	25	87
Other creditors		18	17
Accruals and deferred income		1,245	1,247
		14,782	12,853

Company	2021 £000	2020 £000
Current		
Amounts owed to parent company – TruFin plc	13,065	10,678
Amounts owed to subsidiary undertakings	22	-
	13,087	10,678

Amounts due to the parent company, TruFin plc, carry a fixed interest rate of 5% p.a.

16. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group	Note	2021 £000	2020 £000
Non-current **More than one and less than five years**			
Right of use liability	18	-	34
Accruals and deferred income		40	82
		40	116

NOTES CONT...

17. FINANCIAL INSTRUMENTS

The Directors consider that the fair value of the Group and Company's financial assets and liabilities are not considered to be materially difference from their book values.

Group	31 December 2021 £000	31 December 2020 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**1,126**	690
Financial liabilities		
Financial liabilities measured at amortised cost	**13,230**	11,309

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group trades only with recognised, creditworthy third parties and customers are typically local councils which carry an inherently lower credit risk. The maximum exposure to credit risk at the balance sheet date is the trade receivables balance as set out in note 14. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debt is not significant.

The bad debt charge for the year was £nil (2020: £nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's strategy is to mitigate liquidity risk by applying revenue growth and cash generation targets across the Group and by careful management of expenditure on overheads.

The Group prepares cash flow information on a regular basis which is reviewed by the Directors and senior management to ensure that as far as possible it will have sufficient liquidity to meet its liabilities when due. Contractually, all liabilities at 31 December 2021 fall due for payment within one year. Management have reviewed the forecast cash requirements of the Group for the following 12 months and have satisfied themselves that the Group will be able to meet its external liabilities as they fall due.

Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Exposure to currency, interest rate and credit risks arise in the normal course of the Groups business.

The Group's exposure to foreign currency risk is not considered to be significant.

The Group does not have any interest bearing borrowings and so interest rate risk is not considered to be significant.

NOTES CONT...

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group adopts IFRS16 – Leases, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for periods commencing after 1 January 2019.

The Group believes that there is no readily available means of determining the interest rates implicit in its leases and has thus elected to apply the incremental borrowing rate of 5% pa. The lease is repayable in quarterly instalments.

The carrying amounts of the right-of-use assets recognised and the movements during the year are shown in note 13.

The lease liability and movement during the year were:

Group	£000
Lease liability recognised at 1 January 2021	121
Interest	2
Payments	(98)
Balance at 31 December 2021	**25**

The maturity analysis of the leases outstanding is as follows:

Group	31 December 2021 £000	31 December 2020 £000
Not later than 1 year	**25**	87
Later than 1 year and not later than 5 years	-	34
	25	121

NOTES CONT...

19. SHARE CAPITAL

The issued share capital of the Company and Group at 31 December 2021 is as follows:

	At 1 Jan 2021 £000	Additions £000	At 31 Dec 2021 £000
Number of shares			
Allotted, called up and fully paid			
Ordinary shares of £0.001 each	82,500	32,500	**115,000**
B Ordinary shares of £0.001 each	875,000	-	**875,000**
	957,500	32,500	**990,000**
Issued share capital - nominal value			
Allotted, called up and fully paid			
Ordinary shares of £0.001 each	83	32	**115**
B Ordinary shares of £0.001 each	875	-	**875**
	958	32	**990**

During the year, 32,500 Ordinary shares of nominal value £0.001 each were issued to management under the Management Incentive Plan for £0.58 per share. Share premium of £19,000 arose when the shares were allotted.

During the year the Company updated its Management Incentive Plan ("Oxygen MIP"). Under the Oxygen MIP, as reported at the time of TruFin's IPO, participants are entitled to 12.5% of the growth in the value of Oxygen Finance Group over a set hurdle at the time of a sale or flotation of Oxygen Finance Group. This hurdle has now been realigned to reflect only the aggregate amount invested in Oxygen Finance Group, by the Company or any subsidiary or holding company of the Company (by way of either debt or equity), since the TruFin IPO.

The holders of Ordinary Shares and B Ordinary shares are entitled to one vote per share at meetings of the Company.

NOTES CONT...

2O. RELATED PARTY TRANSACTIONS

The Company operates a Management Incentive Plan and has issued loans to employees to purchase shares in the Company in relation to this, which carry interest at 2.5% per annum. As at 31 December 2021, loans outstanding to employees totalled £59,000 (2020: £18,000). Included in this are directors loans payable by B. Jackson of £27,000 (2020: £14,000) and A. Price of £7,000 (2020: £nil).

21. CONTROLLING PARTY

The Company's ultimate parent company is TruFin plc.

The address of the registered office of TruFin plc is 26 New Street, St Helier, Jersey, JE2 3RA.

The results of the Company are consolidated into the financial statements of TruFin plc which can be found on TruFin's website www.trufin.com.

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Registered No. 11010451.