22 September 2022

Time Finance plc
("Time Finance", the "Group" or the "Company")

Final Results for the year ended 31 May 2022

Strategic plan gaining traction;
Own-Book origination and lending portfolio both up significantly;
Net arrears reduced; Balance Sheet further strengthened

Time Finance plc (AIM: TIME), the AIM listed independent specialist finance provider, announces its final results for the year ended 31 May 2022.

Commenting on the results, Tanya Raynes, Non-executive Chair, said:

"Very pleasing progress has been made against the Group's medium-term strategic plan that was launched in June 2021 and I am very positive about the delivery of strong and sustained results over the next few years. During the year the Group's balance sheet strengthened further with Net Tangible Assets rising to £30.5m at the year-end. At the same time, net deal arrears fell by approximately 35% over the course of the financial year, demonstrating the effectiveness of our credit risk policy, which seeks to appropriately balance the needs of both our customers and our business."

Financial Highlights:

• Revenue of £23.6m (2021: £24.2m), a decrease of 2%. Level in respect of continuing operations
• Adjusted PBTE[1] of £3.0m (2021: £3.1m), a decrease of 3%. Level in respect of continuing operations
• Own-Book deal origination of £64.4m (2021: £47.2m), an increase of 36%
• Lending book of £136.8m at 31 May 2022 (2021: £115.7m), an increase of 18%
• Consolidated Net Assets at 31 May 2022 of £58.1m (2021: £57.1m), an increase of 2%
• Consolidated Net Tangible Assets at 31 May 2021 of £30.5m (2021: £28.4m), an increase of 7%
• Future visibility of earnings with unearned income of £16.7m (2021: £14.9m), an increase of 12%
• Blended cost of borrowings maintained at approximately 4% (2021: 4%)
• Net deals in arrears at 31 May 2021 of £9.3m (31 May 2021: £14.2m), a decrease of 35%
• Nil deals in forbearance at 31 May 2021 (31 May 2021: £0.8m)

Operational Highlights:

• Proposition and structure simplified with divestment of non-core, consumer vehicle brokerage
• Supportive funding partners with unused lending headroom in excess of £70m at year-end
• Senior management team restructured and strengthened with the appointments of a Director of Asset and a Director of Loans
• Investment in sales with enlarged team of Business Development Managers for the Invoice Finance and Hard Asset divisions
• Ongoing government-backed accreditation from The British Business Bank to provide Recovery Loan Scheme ("RLS") to UK SMEs

[1] Profit Before Tax, Exceptional Items and Share-Based Payments

Ed Rimmer, Chief Executive Officer, added:

"The financial year to May 2022 was the first in our four-year, medium-term strategic plan, and the results are satisfactory. Despite the significant macroeconomic challenges, when the discontinued operations are removed, PBTE is on a par with the prior year at £3.1m. It is particularly pleasing to see the significant progress made during the period against the plan. The Group is now well positioned to take advantage of the opportunities that the market will present, and moves into the new financial year with increased momentum and optimism"

The Board continues to expect the Group's trading for the full year to be in line with market expectations.

The Company will deliver a live presentation relating to these results and the simultaneously released Q1 2022/23 trading update via the Investor Meet Company platform at 12.00pm BST today. Existing and potential shareholders can sign up to Investor Meet Company for free and add to meet Time Finance plc via: https://www.investormeetcompany.com/time-finance-plc/registerinvestor

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (as amended), which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018. Upon publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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About Time Finance:
Time Finance's core strategy is to focus on providing the finance UK SMEs require to fund their businesses. It offers a multi-product range for SMEs including asset, loan, invoice and vehicle finance. While primarily an 'own-book' lender the Group does operates a 'hybrid' lending and broking model enabling it to optimize business levels through market and economic cycles.

More information is available on the Company website www.timefinance.com.

Chair's Report
For the year ended 31 May 2022

Performance and dividend
Whilst Covid-19 restrictions were largely lifted during this financial year, we continued to experience the effects of the pandemic, especially in terms of consumer confidence, supply chain delays and government funding support to businesses. This was alongside other significant emerging macroeconomic factors: the cost-of-living crisis, inflationary pressures, the war in Ukraine, energy shortages, and UK political turmoil. The global economic landscape is relatively unprecedented. Times of disruption represent both significant challenges and opportunities for our business and our customers. As always, our key focus is to ensure that we continue to provide an essential lifeline of working capital to our SME customers.

Alongside the external headwinds, it has been a period of relative disruption internally as we have needed to reassess the cost base of the business within the context of a slower recovery from the Covid-19 pandemic than was originally anticipated. Whilst we supported the full workforce through the pandemic, it became apparent in the second quarter of this financial year that the return to pre-pandemic levels of sales and profit was going to be much delayed from previous assumptions. As a result, the difficult decision was taken to right-scale the operation for a revised pathway of recovery and financial results. This was obviously unsettling for our colleagues across the Group but, amidst all of this difficult change, their commitment and achievements remained outstanding, and the Board extends enormous gratitude.

It is pleasing to report that despite the continuing effect of the pandemic, and the additional external market shocks, the Group's revenue was £23.6m (2021: £24.2m) with profit before tax and exceptional items of £3.0m (2021: £3.1m). Fully diluted earnings per share were 1.00p (2021: 1.85p). The Group's balance sheet was yet again strengthened during the year with Net Tangible Assets rising to £30.5m (2021: £28.4m). At the same time deal arrears fell by approximately 35% during the financial year, demonstrating the effectiveness of our credit risk policy, which seeks to appropriately balance the needs of both our customers and our business.

The Group's business strategy has an aggressive target for the lending book over the next few years. This will require the application of the Group's available cash resources into leveraging our funding facilities to maximum effect. Our lending objectives are focussed on the growth of shareholder value rather than dividend distribution. Hence, the Board continues to view cash resources as being best deployed to support business growth and, for the time being, not used for dividend payments. This will be kept under review.

Our strategy
At the start of the financial year a new four-year strategy was launched. There has been very pleasing progress made during the first full year since rolling out this updated strategy, as set out in the Group Strategic Priorities. The Group is positioned as a risk-mitigated alternative finance provider, recognised as having a comprehensive range of business finance products to offer to a well-diversified and expanding base of UK businesses. Our core products are Asset Finance, Invoice Finance and Commercial Loans. The focus is on significantly growing the secured own-book lending and own-book originations increased to £64.4m during the financial year, up from £47.2m in the prior year. This demonstrates significant traction against a key strategic goal. Whilst we remain flexible to act as a broker where appropriate, we took the strategic decision to move away from the non-core, consumer brokerages, and the disposal of those elements of the business is now well progressed.

Following the rebrand in December 2020, Time Finance is now well established as a brand which, through our business development and marketing efforts, serves to support our strategic aims.

The critical importance to our strategy of internal systems improvements to support customer experience and business efficiencies is well recognised by the Board. We are delighted to have successfully secured an appointment for the newly created role of Head of Business Improvement, which we fully expect to enable more significant strides forward in this area.

Governance and culture

The business operates in a regulated environment and a key responsibility for the Board is to ensure that strong and effective governance operates throughout the Group. The Board has four sub-committees, namely Audit, Remuneration, Nominations, and Governance and Risk. Membership comprises only of non-executive directors. The committees meet on a regular basis and invite members of the senior management team, as appropriate, to enable well informed discussion and decision making, as well as gain appropriate levels of assurance.

The Board will continue to focus on increasing diversity in all its forms and it is pleasing to note that women now represent 50% of the Group's leadership team. This is an important consideration for the Group where women are 56% of our total workforce.

The culture within Time Finance is of paramount importance to us, and our core values of being Genuine, acting with Integrity and demonstrating Agility are what enable us to deliver good outcomes for our customers. These values are embedded across the business and are key in being responsive and flexible for our customers, whilst also ensuring highly responsible attitudes and behaviours in every member of our team. During the year, we continued to formulate our approach to our Environmental, Social and Governance ("ESG") responsibilities and to embed ESG as an integrated part of our core business strategy. The themes of our ESG approach include a good working environment for our colleagues, addressing our carbon footprint impact, and investment in systems and training – with the outcome for the Group being long term sustainable growth, improved service levels and enhanced operational resilience.

Our people

On 1st June 2021 it was announced that Ed Rimmer was to be appointed as permanent CEO, after a period as interim CEO from February 2021. Ed's extensive experience within the financial services sector, along with his specific knowledge of the Group from his time as Group COO between 2017 to 2020, enabled him to take up the CEO responsibilities quickly and effectively.

In line with our strategy, we have made excellent progress during the year with hiring key recruits to support our increased origination growth plan, and we should continue to see the positive impact of this in the Group's results going forward. We recognise that our staff are our greatest asset and so, as we move forward, we shall look to better measure employee engagement and address any gaps that may be identified by introducing an employee survey in the second half of this calendar year and annually thereafter.

This financial year has yet again been a period of significant and challenging change across many aspects of the business, and the executive leadership of the Group has been key to navigating this journey – my thanks go out to Ed Rimmer (CEO) and James Roberts (CFO) for both their boldness and steadying hand in managing the way forward.

I was delighted to join the Board in March 2021 as a Non-Executive Director, and to assume the role of Non-Executive Chair in October 2021. After a period of necessary focus on internal strategy and restructure, I look forward to the opportunity to engage more externally, specifically with our investors and other key stakeholders.

Our colleagues throughout the Group continue to demonstrate exceptional dedication, commitment and ability, and on behalf of the Board, I wish to record our sincere thanks and appreciation.

Outlook
The Group has made substantial progress during this financial year against the updated strategy. This is creating significant momentum as well as a robust platform for our future growth plans, and so I am very positive about the delivery of strong and sustained results over the next few years.

Whilst the economic and political environment is uncertain and challenging, the Group continues to benefit from being a provider of a wide range of financial products to SMEs across multiple business sectors and has no overweight dependence on any specific business category. The continued strengthening of the Group's balance sheet, and access to the required cash resources for the planned growth, leaves the Board confident about the future of the Group.

In my first statement as Chair, I would like to express how pleased I am to be on the Board of a company with so much potential and a team that has the ability to deliver. I would also like to thank all of our stakeholders for their continued support, and I look forward to reporting on our continued progress as we move forward with our strategy.

Tanya Raynes
Chair - 22 September 2022

Chief Executive Officer's Report
For the year ended 31 May 2022

Introduction
Time Finance is a multi-product, specialist finance provider to UK SMEs, predominantly funding transactions on its own book, but with the ability to broker-out transactions that fall outside its credit policy. The business now comprises of three core product divisions: Asset Finance, Invoice Finance and Commercial Loans. Each is headed by a senior manager with significant experience in the small business lending sector. The financial results for the Group for the year ended 31 May 2022 consolidate the results of these divisions along with the trading entities that we no longer consider to be core business; further detail behind this strategy is shown in the Group Strategic Priorities.

The Covid-19 pandemic continued to disrupt the wider small business lending market during the period under review, specifically the first quarter's trading between June and August 2021. Customers, clients and our own business were impacted by high staff absence and an overhang of businesses still using various government pandemic funding schemes. Market conditions started to improve in the later part of 2021 and more significantly through the final quarter of the financial year from March to May. Despite the challenges, we made good progress with the strategic plan that we set out at the start of the financial year, and the overall numbers delivered were satisfactory. We therefore moved into the new financial year in June with increased momentum and optimism for the year ahead, despite the growing economic and geopolitical challenges that are summarised in the Chair's Report.

The results achieved are due to the commitment and hard work shown by all colleagues across the Group. As government restrictions continued to ease during the Autumn of 2021, our staff began to spend more time working back in the office and a sensible balance was achieved in terms of providing flexible working. Whilst this enables people to work from home if their role allows, we have seen a return of a more vibrant atmosphere in the offices which is an important part of being a "people" business. Our SME clients and customers still want a high degree of human interaction and providing flexibility to them is therefore a key part of our proposition.

Sustainable, robust business model

The Group has maintained sound operational principles designed to develop a robust business including:

- **a widely spread lending book** with security taken to support lending facilities and suitable margin achieved on each deal to justify the risk taken.
- **fixed interest rates** are charged for the term of the lending in the Asset and Loans divisions, with interest rates incurred on borrowings drawn down equally being fixed for the term. The Group's policy is, wherever possible, to match the term of borrowings drawn to the term of lending provided.
- **underwriting is carried out by people** as opposed to automated systems for credit decisions. Although an essential element of the Group's development continues to be the deployment of IT systems and improved efficiencies, it is essential that the end credit decisions are taken by people given the markets we operate in.
- **a realistic approach to provisioning**. The total provisions carried in the balance sheet at 31 May 2022 amounted to £3.6m, representing approximately 3% of the net lending portfolio. A detailed internal review of provisioning is undertaken on a quarterly basis, led by the Director of Risk in conjunction with the CFO and the recommendations made are presented to the Board for approval.

Market positioning and new business origination

The Group provides the main finance products that SMEs require for day to day working capital requirements and to grow their businesses over the longer term. Since the Global Financial Crisis of 2008, the lending market has transformed with the traditional banks no longer being the automatic point of call for small business finance. Many alternative finance providers have emerged in the form of challenger banks, fin-tech lenders and independent providers such as Time Finance who generally offer more flexibility and a high level of focus on customer service. As the Group is not a retail deposit taker, wholesale funding facilities are utilised at competitive rates. In order to make an acceptable margin on lending, the Group chooses to operate in the "Tier 2" market segment, therefore serving SMEs typically at the smaller end of the market.

New business origination in the core Asset, Commercial Loan and Invoice Finance divisions for the year to 31 May 2022 amounted to £70.8m, 33% up on the £53.1m achieved the previous year. Of this origination 91% was funded on balance sheet and 9% was broked-on, compared with 88% and 12% respectively in the prior year. The move towards an increase in own-book lending is consistent with our strategy and commented on further in the Group Strategic Priorities.

Financial results

Total revenue for the year to 31 May 2022 was £23.6m, a decrease of £0.6m year-on year. Revenue comprises interest and other income (such as facility fees, document fees and asset assurance income) of £20.6m from own-book lending (2021: £20.4m) and commission income of £3.0m from broking activities (2021: £3.6m). Interest and other income from lending therefore accounted for 87% (2021: 84%) and commission income from broking accounted for 13% (2021: 15%) of total revenues. The business enjoys good visibility of future revenue from 'unearned income' (i.e. future interest income from 'own-book' deals already written on the Group's balance sheet) which at 31 May 2022 amounted to £16.7m (2021: £14.9m). The Group's profit before tax and exceptional items for the year ended 31 May 2022 was £3.0m, compared with £3.1m in the prior year. Profit before tax was £1.1m (2021: £2.0m), and profit after tax £0.9m (2021: £1.8m). This is driven by one-off costs associated with the closure of the non-core vehicles brokerage and subsequent write-off of the goodwill associated with that historic acquisition. Further details are provided in the Group Strategic Priorities.

At 31 May 2022, the Group's total gross receivables stood at £137m, compared with £116m on 31 May 2021, an 18% increase and again as part of our strategy to increase own-book lending. Total active borrowing facilities as at 31 May 2022 amounted to £148m (2021: £162m), of which £78m was drawn (2021: £58m). Consolidated net assets stood at £58.1m (2021: £57.1m), an increase of 2%. Consolidated Net Tangible Assets stood at £30.5m (2021: £28.4m), an increase of 7%. Net cash and cash equivalents held at 31 May 2022 was £2.9m (2021: £7.7m). The reduction was down to the increase in own-book lending origination with an element of cash required to support each new lease or loan agreement that is put in place. The strength of the Group's balance sheet, together with its liquidity in the form of available operational debt facilities for lending and cash held, ensure the Group is well-placed to take advantage of future opportunities over the short to medium term.

At 31 May 2022, there were 92,512,704 shares in issue (2021: 92,512,704). It is expected that, wherever possible, all current share options will be fulfilled from the Group's Employee Benefit Trust, resulting in little or no dilution to shareholders. Given these share numbers, earnings per share were 1.00 pence (2021: 1.76 pence) with an identical number when calculated on a fully diluted basis.

Operational progress

The year to 31 May 2022 saw much change but, ultimately, good progress in ensuring the business is set-up to achieve the significant growth over the 4-year period set out in the strategic plan. I was appointed as full-time CEO on 1st June and at the time, like the wider business community, hoped that the worst of the lockdown restrictions were behind us. This, unfortunately, proved not to be the case with a difficult summer period experienced in 2021 although, as previously mentioned, trading conditions improved significantly as the year progressed. As commented in the Chair's Report, with the elongated recovery, we made the difficult decision to reduce overheads through a redundancy programme which saw headcount reduce by approximately 15%. This understandably caused a lot of disruption with additional workloads falling on colleagues across the business and I like would like to reiterate my sincere gratitude to the professionalism and commitment shown by our team. The retirement of John Newman as Chair was also another significant change; however, Tanya Raynes's appointment provided the Group with fresh impetus and I am grateful for her support and guidance during the year.

Alongside this significant change to the business, much progress has been made. The Asset Finance division saw strong demand for 'hard' asset finance with the own-book new business target exceeded by 20%. Whilst our business overall was impacted by the ease of access to cash through the various government fundings schemes, our Loans division benefited from becoming an accredited lender under the Recovery Loan Scheme providing it with much needed momentum. The Invoice Finance division had a very successful year, benefiting from lower than expected client attrition and record new business levels in the second half of the year. The division's lending book increased by 80% during the year from the post-pandemic low point. Both the Asset and Invoice Finance divisions have continued to show further growth post year-end.

A lot of focus was placed on reorganising the business during the financial year which was unsettling for our colleagues. A number of people went above and beyond day-to-day expectations and we recognise the need to improve communication and measure employee engagement more regularly, enabling timely feedback and a process to deliver continuous improvements. This will be a key priority for the new financial year ahead.

Culture, compliance and governance
Time Finance is a customer focused business priding ourselves on being Genuine, Agile and acting with Integrity. To this end we have a strong focus on:

- Being Easy to Deal With
- Doing Things Quickly
- Having a Commercial and Flexible approach to decision making
- Doing the Right Thing for all our Stakeholders

The Group has high standards for compliance and governance for all its activities, referenced to the principles and guidelines of the Financial Conduct Authority and the codes of conduct of the relevant industry bodies. All staff are required to act in accordance with our cultural values and uphold the following;

- To act with integrity, due skill, care and diligence
- To be open and cooperative with regulators
- To pay due regard to the interests of customers and clients and treat them fairly

Each of our offices has a "culture champion" to ensure that the required behaviours are evident on a day-to-day basis and this also provides a regular flow of communication back to the Board, including any areas where corrective action is required.

Outlook
SMEs are currently facing an unprecedented number of challenges, with increasing costs of operating through spiralling inflation, interest rate rises and geopolitical instability. Small businesses, however, will always need access to finance in order to provide the necessary working capital to operate and expand. With the changes made during the financial year, particularly the restructuring of the senior management team and the focus on developing our strategic plan, we are in a good position to take advantage of the opportunities that the market will present.

Ed Rimmer
Chief Executive Officer - 22 September 2002

Group Strategic Priorities
For year ended 31 May

Time Finance continues to be an alternative provider of finance to the high-street and challenger banks, serving SMEs predominantly with finance requirements ranging from £5,000 to £2.5m. The Group primarily provides Invoice Finance, Asset Finance and Loan Finance. It lends from its own balance sheet or through brokering-on business that does not meet its lending parameters, which would mainly be due to the size of a transaction, pricing or credit quality.

From 2015, via acquisition, the business set about diversifying to a multi-product group offering an increased product portfolio to an enlarged target market and mitigating risk through a wider spread of lending. The Group was rebranded in December 2020 with the launch of Time Finance. The new name recognised two critical aspects of running a small business - Time and Money. Positioning the Group as a credible partner to SMEs and helping them to achieve their growth ambitions is a key part of the Group's strategy.

Strategic Objectives
The Group's change of CEO in the first half of 2021, and the subsequent easing of lockdown restrictions on the back of the government's rapid vaccination roll out, led to a new medium-term strategy being developed. This was launched at the start of the financial year in June 2021. The key objectives over the 4 year period to 31 May 2025 are to:

- Double the Group's gross lending book organically to approximately £250m
- Achieve revenue and PBTE levels in excess of the 2019 pre-Covid levels of over £30m and £8m respectively

This will be achieved through the following strategic initiatives:

- Focusing on core own-book lending products: Asset, Invoice and Loan finance
- Predominantly focusing on secured lending with an increasing average deal size
- Investing in key sales resources
- Continuing to reposition the brand and invest in marketing
- Bringing further liquidity into the Business as and when required

Good progress has been made in delivering the plan during a difficult year given the market conditions. Summaries on each of the above initiatives are set out below.

Focus on core own-book lending products
The previous strategy saw the Group expand into consumer finance brokerages as well as business lending. These businesses operated in the second-hand vehicle finance and residential mortgage markets. Both sectors were significantly affected by the Covid-19 pandemic. They were also very reliant on the founding directors, consumed a disproportionate amount of management time for the size of the businesses and the future opportunities to scale them required significant investment, as well as also being more heavily burdened by regulation and by the very nature of being brokerages, were not building balance sheets of value consistent with being an own-book lender. The decision was therefore taken to exit these businesses. CarFinance2U was closed towards the end of the financial year and it is expected that the Cardiff based, consumer brokerage will be divested before the end of the calendar year. Moving forwards, the Group has a clear market position, that of being an alternative lender to small businesses, offering three core products: Asset, Invoice and Loan finance. As the market continues to recover post the government funding schemes, there should be good opportunities for alternative finance providers to grow. With the Group's own lending book increasing, so will the size of its balance sheet and with it the inherent value of the business. During the year we increased our own-book, new business origination to £64.4m, a 36% increase on the previous year. This trend is expected to continue over the course of our medium-term plan.

Predominantly focus on secured lending with an increasing average deal size
Where appropriate the Group will seek to obtain tangible security to underpin lending. This involves taking title to professionally valued fixed assets or book debts, supported by registering debentures and/or property charges. At the same time, the Group will increase the average ticket size of the 'hard' asset business which reduced significantly during the pandemic when market demand led to smaller assets (e.g. Delivery Vans) being funded. The one exception to this, is the 'soft' asset strategy where the Group has a niche position in funding smaller transactions that provide a wide spread of risk at higher yields. The faster growth will therefore come from the Hard Asset and Invoice Finance businesses and, over time, this

should help reduce the delinquent debt levels and increase efficiencies through dealing with a lower number of enquiries from more established businesses.

Investment in key sales resources
In order to grow the business, the Group invested in a number of high-quality salespeople during the financial year. Sharon Bryden joined the business in August 2021 to lead the Loans division with part of her remit being to develop a new Asset Based Lending product; good progress has been made and this will be launched during the first half of the new financial year. A new head of Asset Finance, Steve Nicholls, joined in January 2022. My thanks go to Carol Roberts for so capably overseeing the division over the last 3 years during such a challenging time. A new Head of Broker Sales for Hard Asset was subsequently appointed in May 2022. We also recruited a new Southern Head of Sales for Invoice Finance in August 2021, along with a number of additional Business Development Managers to expand that business. The core products are now set up to deliver the growth strategy.

Reposition the brand and investment in marketing
The rebrand to Time Finance at the end of 2020 provided the Group with an excellent opportunity to reposition the business in line with our key strategic aims. I am very pleased with the progress made during the last 12 months. The introducer market in particular has a better understanding of what we are trying to deliver to market and the types of deals we want. Testimony to this was Time Finance being ranked Number 1 in the Business Money Intermediary Index, having previously not made it into the top 10. During the year, Kate Brown was promoted to Head of Marketing, and this has significantly contributed to the progress made. Moving forwards, we are increasing our digital presence as well as continuing to focus on the more traditional marketing channels, both to our introducers and directly to our clients and customers.

Bring further liquidity into the Business as and when required
During the financial year, the liquidity position of the Group was healthy and the board feels there are sufficient cash resources to deliver the short-term objectives. As the growth plan starts to accelerate, however, we will likely need to review the current funding strategy. Finding suitable long-term liquidity at sensible pricing is therefore a focus over the course of the next 12-24 months.

Key performance indicators
The Board and the Senior Management Team regularly review and monitor key metrics in assessing the performance of the Group. Some of these key metrics to help gauge the Group's meaningful progress are detailed below.

- Continuing Operations Revenue – £22.5m (prior year £22.5m)
- Continuing Operations Gross Profit margin- 64% (prior year 62%)
- Continuing Operations Profit Before Tax and Exceptional items – £3.1m (prior year £3.1m)
- Continuing Operations Diluted Earnings Per Share - 1.38p (prior year 1.96p)
- Own-Book New Business Origination – £64.4m (prior year £47.2m)
- Core business own book vs broked-on ratios – 87/13 (prior year 84/16
- Funding interest rate – a blended rate of 4% (prior year 4%)

Principal risks and uncertainties
'Principal risks' are defined as a risk or a 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 materially threaten the business model, performance, solvency or liquidity, or prevent the delivery of the strategic objectives outlined above. The Board has overall responsibility for ensuring that risk is appropriately managed across the Group and, through the Governance and Risk Committee, has

established the Group's appetite to risk, approved its structure, methodologies, policies, and management roles and responsibilities.

As well as regular external reviews and audits from the Group's statutory auditors and the quarterly audits from a number of its funding partners, the Group has numerous internal checks and balances. Initial responsibility rests with the Operating Board which manages the business divisions and functions with line managers responsible for identifying and managing risks arising in their business areas. This is augmented by the Group's central and independent Compliance, Finance and Risk functions with responsibility for reporting to the Board. The Group has a Director of Risk who reviews all significant Group credit exposures and a Head of Compliance who reviews all significant Group operating risks and adherence to regulatory requirements.

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

- **Credit Risk**

The risk of default, potential write-off, disruption to cash flow and increased recovery costs on a debt that is either not repaid individually or if there is a wider market deterioration. This is mitigated by the Group adopting prescribed lending policies and adhering to strict credit and underwriting criteria specifically tailored to each business area. The Group also has still the ability to 'broke-on' certain business rather than write it on its own-book if it is deemed necessary to manage risk.

- **Funding Risk**

The risk of the Group not being able to meet its current and future financial obligations over time, specifically that funding is not available to meet the Group's growth targets. The Group has funding facilities across Block Discounting, a Secured Loan Note programme and Back-to-Back invoice finance facilities, aggregating to £89.6m with ample headroom to meet its growth targets for the medium future. As detailed previously, should the opportunity arise to grow considerably faster than the medium-term plan anticipates, then the Group could decide to augment its funding with additional liquidity.

- **Regulatory Risk**

The risk of legal or regulatory action resulting in fines, penalties and sanctions that could arise from the Group's failure to identify and adhere to regulatory requirements in the UK. In addition, there is the risk that new or enhanced regulations could adversely impact the Group. The Group employs a Head of Compliance, who manages an independent compliance department with access to external advisors. The department looks both internally at the Group ensuring its practices are appropriate and externally at future developments to ensure the Group is prepared to adopt any changes in regulation as and when they arise.

Summary

With the significant government support packages no longer in place post-Covid, and with the ever-increasing economic challenges facing small businesses, access to finance will be a key priority for SMEs over the coming months and years. This should present the Group with many opportunities, whilst acknowledging the potential threats that also will undoubtedly come our way through potential increased default and delinquent debt. SMEs will always need access to finance to provide working capital and to grow their businesses; having an independent, credible and flexible alternative to the banks with conducive markets presents significant opportunity for the Group.

Ed Rimmer
Chief Executive Officer

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 20212

	Notes	Continuing Operations 2022 £'000	Discontinued Operations 2022 £'000	**Total 2022 £'000**	Continuing Operations 2021 £'000	Discontinued Operations 2021 £'000	**Total 2021 £'000**
Revenue		22,488	1,123	**23,611**	22,159	1,640	**23,799**
Other Income	8	22	7	**29**	321	104	**425**
Total Revenue		22,510	1,130	**23,640**	22,480	1,744	**24,224**
Cost of Sales		(8,061)	(587)	**(8,648)**	(8,557)	(805)	**(9,362)**
GROSS PROFIT		14,449	543	**14,992**	**13,923**	**939**	**14,862**
Administrative expenses		(11,059)	(712)	**(11,771)**	(10,531)	(944)	**(11,475)**
Exceptional Items	11	(1,685)	(184)	**(1,869)**	(746)	(97)	**(843)**
Share-based payments	27	(43)	-	**(43)**	(277)	-	**(277)**
OPERATING PROFIT		1,662	(353)	**1,309**	2,369	(102)	**2,267**
Finance costs	5	(255)	-	**(255)**	(248)	(2)	**(250)**
Finance income	5	1	-	**1**	3	-	**3**
PROFIT BEFORE INCOME TAX	6	**1,408**	**(353)**	1,055	**2,124**	**(104)**	2,020
Adjusted earnings before tax, exceptional items and share-based payments		3,136	(169)	**2,967**	3,147	(7)	**3,140**
Exceptional items	11	(1,685)	(184)	**(1,869)**	(746)	(97)	**(843)**
Share-based payments	27	(43)	-	**(43)**	(277)	-	**(277)**
PROFIT BEFORE INCOME TAX		**1,408**	**(353)**	1,055	**2,124**	**(104)**	2,020
Income tax	7	(134)	-	**(134)**	(245)	2	**(243)**
PROFIT FOR THE YEAR		1,274	(353)	**921**	1,879	(102)	**1,777**
Profit attributable to: Owners of the parent company		1,274	(353)	**921**	1,879	(102)	**1,777**
Earnings per share expressed in pence per share	10						
Basic		1.38	(0.38)	**1.00**	2.10	(0.11)	**1.98**
Diluted		1.38	(0.38)	**1.00**	1.96	(0.11)	**1.85**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MAY 2022

	2022	2021
	£'000	£'000
ASSETS		
NON-CURRENT ASSETS		
Goodwill	**27,263**	28,241
Intangible assets	**298**	476
Property, plant and equipment	**320**	551
Right-of-use property, plant & equipment	**30**	224
Trade and other receivables	**50,344**	44,335
Deferred tax	**1,036**	806
	79,291	74,633
CURRENT ASSETS		
Trade and other receivables	**70,852**	55,073
Tax receivable	**-**	113
Cash and cash equivalents	**3,170**	7,969
	74,022	63,155
TOTAL ASSETS	**153,313**	137,788
EQUITY		
SHAREHOLDERS' EQUITY		
Called up share capital	**9,252**	9,252
Share premium	**25,543**	25,543
Employee shares	**106**	63
Treasury shares	**(820)**	(790)
Retained earnings	**23,972**	23,051
TOTAL EQUITY	**58,053**	57,119
LIABILITIES		
NON-CURRENT LIABILITIES		
Trade and other payables	**39,033**	33,749
Financial liabilities – borrowings	**2,344**	3,369
Lease Liability	**-**	44
	41,377	37,162
CURRENT LIABILITIES		
Trade and other payables	**51,956**	41,692
Financial liabilities – borrowings	**1,879**	1,634
Tax payable	**28**	-
Lease Liability	**20**	181
	53,883	43,507
TOTAL LIABILITIES	**95,260**	80,669
TOTAL EQUITY AND LIABILITIES	**153,313**	137,788

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2022

	Called up Share Capital £'000	Retained Earnings £'000	Share Premium £'000	Treasury Shares £'000	Employee Shares £'000	Total Equity £'000
Balance at 31 May 2020	8,899	21,274	25,360	(310)	-	**55,223**
Total comprehensive income	-	1,777	-	-	-	**1,777**
Transactions with owners						
Purchase of treasury shares	-	-	-	(480)	-	**(480)**
Issue of share capital	353	-	183	-	-	**536**
Value of employee services	-	-	-	-	63	**63**
Balance at 31 May 2021	**9,252**	**23,051**	**25,543**	**(790)**	**63**	**57,119**
Total comprehensive income	-	921	-	-	-	**921**
Transactions with owners						
Purchase of treasury shares	-	-	-	(30)	-	**(30)**
Value of employee services	-	-	-	-	43	**43**
Balance at 31 May 2022	**9,252**	**23,972**	**25,543**	**(820)**	**106**	**58,053**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2022

	Notes	Continuing Operations 2022 £'000	Discontinued Operations 2022 £'000	**Total 2022 £'000**	Continuing Operations 2021 £'000	Discontinued Operations 2021 £'000	**Total 2021 £'000**
Cash generated from operations							
Profit before tax		**1,401**	**(346)**	**1,055**	2,124	(104)	2,020
Depreciation & amortisation charges		**571**	**40**	**611**	718	36	754
Finance costs		**236**	**-**	**236**	163	2	165
Finance income		**(1)**	**-**	**(1)**	(3)	-	(3)
(Gain)/loss on disposal of property, plant & equipment		**12**	**134**	**146**	(6)	6	-
Decrease in inventory		**-**	**-**	**-**	-	-	-
Decrease in trade and other receivables		**(22,147)**	**359**	**(21,788)**	6,723	64	6,787
(Decrease) in trade and other payables		**15,632**	**(84)**	**15,548**	(4,246)	(2)	(4,248)
Movement in other non-cash items		**1,288**	**(46)**	**1,242**	699	46	745
		(3,008)	**57**	**(2,951)**	6,172	48	6,220
Cash flows from operating activities							
Interest paid		**(236)**	**-**	**(236)**	(163)	(2)	(165)
Tax paid		**(430)**	**-**	**(430)**	(397)	-	(397)
Net cash from operating activities		**(3,674)**	**57**	**(3,617)**	5,612	46	5,658
Cash flows from investing activities							
Acquisition of subsidiaries			**-**	**-**	-	-	-
Purchase of software, property, plant & equipment		**(149)**	**(5)**	**(154)**	(314)	-	(314)
Proceeds from sale of tangible fixed assets		**-**	**-**	**-**	-	-	-
Contingent consideration paid		**-**	**-**	**-**	(197)	-	(197)
Interest received		**1**	**-**	**1**	3	-	3
Net cash from investing activities		**(148)**	**(5)**	**(153)**	(508)	-	(508)
Cash flows from financing activities							
Payment of lease liabilities		**(178)**	**(21)**	**(199)**	(190)	(23)	(213)
Loan repayments in year		**(731)**	**-**	**(731)**	(635)	-	(635)
Loans issued in year		**-**	**-**	**-**	4,100	-	4,100
Changes in overdrafts		**(40)**	**(9)**	**(49)**	(845)	(24)	(869)
Equity dividends paid		**-**	**-**	**-**	-	-	-
Net cash from financing activities		**(949)**	**(30)**	**(979)**	2,430	(47)	2,383
(Decrease)/increase in net cash and cash equivalents		**(4,771)**	**22**	**(4,749)**	7,534	(1)	7,533
Net cash and cash equivalents at beginning of year		**7,674**	**(9)**	**7,665**	**140**	**(8)**	**132**
Net cash and cash equivalents at end of year		**2,903**	**13**	**2,916**	**7,674**	**(9)**	**7,665**

1. **ACCOUNTING POLICIES**

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IRFS") as adopted in the United Kingdom and by the International Financial Reporting Interpretations Committee ("IFRIC") interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

2. **SEGMENTAL REPORTING**

The Group provides a range of financial services and product offerings throughout the UK. The Group has introduced reporting on a segmental basis as this accurately reflects the four trading divisions, namely: Asset Finance, Vehicle Finance, Loan Finance and Invoice Finance.

The operating segments also reflect its organisational and management structures. The Group reports internally on these segments in order to assess performance and allocate resources. The segments are differentiated by the types of products provided.

The segmental results and comparatives are presented with intergroup charges allocated to each division based on actual revenues generated. Intergroup expenses are recharged at costs and largely comprise; Marketing, Compliance, IT and Human Resources costs.

For the year ended 31 May 2022	Asset Finance £'000	Vehicle Finance £'000	Loan Finance £'000	Invoice Finance £'000	Other £'000	Total £'000
CONTINUING OPERATIONS						
Revenue	11,111	1,730	2,969	7,809	21	**23,640**
Cost of sales	(5,201)	(612)	(1,567)	(1,268)	-	**(8,648)**
GROSS PROFIT	5,910	1,118	1,402	6,541	21	**14,992**
Administrative expenses	(3,639)	(1,434)	(924)	(3,078)	(2,696)	**(11,771)**
Exceptional items	(1,113)	(195)	-	(76)	(485)	**(1,869)**
Share-based payments	-	-	-	(5)	(38)	**(43)**
OPERATING PROFIT	1,158	(511)	478	3,382	(3,198)	**1,309**
Finance costs	(171)	(14)	(7)	(3)	(60)	**(255)**
Finance income	1	-	-	-		**1**
PROFIT BEFORE INCOME TAX	988	(525)	471	3,379	(3,258)	**1,055**
Intra-group recharges	(1,534)	(238)	(409)	(1,077)	3,258	**-**
PROFIT BEFORE INCOME TAX	(546)	(763)	62	2,302	-	**1,055**

Adjusted earnings before interest, tax, exception items and share-based payments	2,102	(331)	471	3,460	(2,735)	**2,967**
Exceptional items	(1,114)	(194)	-	(76)	(485)	**(1,869)**
Share-based payments	-	-	471	(5)	(38)	**(43)**
PROFIT BEFORE INCOME TAX	988	(525)	471	3,379	(3,258)	**1,055**

For the year ended 31 May 2021	Asset Finance £'000	Vehicle Finance £'000	Loan Finance £'000	Invoice Finance £'000	Other £'000	Total £'000
CONTINUING OPERATIONS						
Revenue	12,822	2,582	2,223	6,488	109	**24,224**
Cost of sales	(6,331)	(829)	(1,039)	(1,163)	-	**(9,362)**
GROSS PROFIT	6,491	1,753	1,184	5,325	109	**14,862**
Administrative expenses	(3,394)	(1,922)	(795)	(2,590)	(2,774)	**(11,475)**
Exceptional items	(44)	(128)	(8)	(128)	(535)	**(843)**
Share-based payments	-	-	(22)	(43)	(212)	**(277)**
OPERATING PROFIT	3,053	(297)	359	2,564	(3,412)	**2,267**
Finance costs	(124)	(27)	-	(6)	(93)	**(250)**
Finance income	2	-	-	1		**3**
PROFIT BEFORE INCOME TAX	2,931	(324)	359	2,559	(3,505)	**2,020**
Intra-group recharges	(1,864)	(375)	(323)	(943)	3,505	-
PROFIT BEFORE INCOME TAX	1,067	(699)	36	1,616	-	**2,020**

Adjusted earnings before interest, tax, exception items and share-based payments	2,975	(196)	389	2,730	(2,758)	**3,140**
Exceptional items	(44)	(128)	(8)	(128)	(535)	**(843)**
Share-based payments	-	-	(22)	(43)	(212)	**(277)**
PROFIT BEFORE INCOME TAX	2,931	(324)	359	2,559	(3,505)	**2,020**

3. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	2022 £'000	2021 £'000
Depreciation - owned assets	**388**	530
Amortisation - computer software	**223**	224
Net credit loss charge	**930**	1,733
Funding facility interest charges	**2,515**	2,777
Introducer commissions	**3,014**	2,881
Fees payable to the Company's auditor for audit of Company's subsidiaries	**72**	72
Fees payable to the Company's auditor for the audit of the Company	**14**	13

4. DIVIDENDS

	2022 £'000	2021 £'000
Ordinary shares £0.10 each		
Final	**-**	-
Interim	**-**	-
Total	**-**	**-**

The Directors do not propose a final dividend relating to this financial period (2021: 0.0p per share). Future dividends will be kept under review.

5. EARNINGS PER SHARE

Earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares.

2022

	Earnings £'000	Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	**921**	**92,512,704**	**1.00**
Effect of dilutive securities			
Share Options	-	-	-
Diluted EPS			
Adjusted earnings	**921**	**92,512,704**	**1.00**

2021

	Earnings £'000	Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	1,777	89,481,386	1.98
Effect of dilutive securities			
Contingent consideration	81	2,204,018	(0.13)
Diluted EPS			
Adjusted earnings	1,696	91,685,404	1.85

6. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this announcement does not comprise the Group's statutory accounts for the years ended 31 May 2022 and 31 May 2021. The financial information has been extracted from the statutory accounts of the Group for the years ended 31 May 2022 and 31 May 2021.

The auditors' opinion on those accounts was unmodified and did not contain a statement under section 498 (1) or 498 (3) Companies Act 2006 and did not include references to any matters to which the auditor drew attention by the way of emphasis.

The statutory accounts for the year ended 31 May 2021 have been delivered to the Registrar of Companies. Those for the year ended 31 May 2022 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

7. **ANNUAL REPORT AND ANNUAL GENERAL MEETING**

The Annual Report and Accounts will be available from the Company's website, www.timefinance.com, from 22 September 2021. Notice of the Annual General Meeting, which will be held at the Hilton Manchester Deansgate, M3 4LQ on 31 October 2022 at 1pm, will be posted to Shareholders.