TRU | FIN

INTERIM FINANCIAL REPORT

For the six months ended 30 June 2020

(Unaudited)

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FINANCIAL HIGHLIGHTS
For the six months ended 30 June 2020

Interim Financial Report for the six months ended 30 June 2020 (Unaudited)

- Combined gross revenues for the Group increased 34% to £4.2m (H1 2019: £3.1m).
- Gross revenues at Oxygen Finance Group Limited (together with its subsidiaries, Oxygen Finance Limited, Oxygen Finance Americas, Inc. and Porge Limited) ("Oxygen") remained broadly flat at £1.7m (H1 2019: £1.7m).
- Gross interest income and fee income at Satago Financial Solutions Limited's ("Satago") core invoice financing division increased 16% to £0.4m (2019: £0.3m)[1].
- Gross interest income and fee income at Vertus Capital Limited ("Vertus") was £0.5m. Vertus was acquired on 29 July 2019.
- Gross revenue at Playstack Ltd ("Playstack") was £1.2m. Playstack was acquired on 11 September 2019.
- TruFin Group's loss before tax from continuing operations was £5.5m (H1 2019: £3.7m).

[1] excluding interest and fees from Playstack and Vertus pre acquisition

Financials and KPI's (Unaudited)	6 months to 30 June 2020 £'000	6 months to 31 December 2019 £'000	6 months to 30 June 2019 £'000
Gross Revenue	4,191	4,201	3,138
Loss before tax from continuing operations	(5,459)	(8,112)	(3,722)
Loss before tax from continuing operations includes: share-based payment charge	(315)	(1,537)	(972)
Net Assets (£ 000's)	45,198	50,343*	61,147

**Audited figures*

Post period end developments and outlook

- Playstack signed two significant contracts with global technology platforms, underpinning potentially significant growth in the second half of 2020.
- The Board believes that these contracts, together with a recent successful game launch, mean the Group is likely to deliver full year revenue ahead of market expectations. This, in combination with tight cost control, means we also expect the net loss for the full year to be lower than market expectations.
- The Company agreed with Distribution Finance Capital Ltd ("DFC") to reschedule a final loan repayment by DFC to TruFin, as announced on 14 August 2020.
- The Group's subsidiaries continue to build on their current momentum; scaling their partnerships, enhancing their distribution channels and expanding their client bases. The Board is pleased with the progress that is being made.

James van den Bergh, Chief Executive Officer commented:

"I am pleased with the progress during 2020, which is particularly impressive given the global health crisis which has inevitably impacted the Group.

Given the ongoing uncertainty around the pandemic we remain cautious. However, as a result of Playstack's contract wins and recent console game launch and the Group's attractive market positioning, strong partnerships and cost control initiatives, I am pleased to be able to report that the Group is expected to exceed revenue expectations for the full year, and as a result, our net loss for the full year is expected to beat market expectations.

We maintain a constructive dialogue with our major shareholder, Arrowgrass, and we continue to be focussed on maximising value for all shareholders. We believe there is significant scope for value creation in the near and medium term, and I look forward to updating shareholders on our continued progress."

CHIEF EXECUTIVE'S STATEMENT
For the six months ended 30 June 2020

The subsidiaries within the TruFin Group have been resilient in the first six months of 2020 and the board remains confident regarding prospects for the remainder of 2020

As at 31 August 2020, the following assets were not less than:

- £7.6m of cash or cash equivalents
- £9.0m loan payable by Distribution Finance Capital Ltd. This loan is due to be repaid, in tranches, by the end of September 2021 (£5.0 million of principal was repaid in June 2020)
- £1.6m of assets within the Satago Group's loan book
- £2.0m share of net assets in Vertus Capital Limited

The TruFin Group has no more than £4.7m in near-term liabilities.

Board Changes

Stephen Greene joined the Board on 29 April 2020 as Non-Executive Director and representative of Arrowgrass. We are delighted to welcome him to the Group.

Oxygen

Oxygen is a niche technology and professional services platform enabling the public and private sector to make early payments to their suppliers.

Oxygen's clients' total procurement spend increased to £21.6bn as at 30 June 2020 (30 June 2019: £20.8bn), whilst transacted spend eligible for discounts to be applied was £290m, a decrease of 13% over the prior year, reflecting the lower economic activity during lockdown. Despite this impact, a broadening product offering and Covid-19 compensation, received when clients temporarily suspended early payment programmes, offset lower transacted spend eligible for discounts, resulting in Oxygen's revenues remaining broadly flat at £1.7m (2019: £1.7m).

The Covid-19 pandemic has highlighted the requirement for liquidity in supply chains and as a result appetite for solutions continues to grow, evidenced by 7 new client wins and a further 19 renewals from existing customers in the first half of 2020. As at the end of June 2020, Oxygen had 48 early payment clients (and 92 unique clients) and maintained its 100% renewal record for these clients. The pipeline of new prospects remains strong.

The Covid-19 pandemic has accelerated client use of virtual meetings, reducing travel costs. This, combined with the successful integration of the Porge business and the cross-selling opportunities created, will provide continuing synergistic benefits.

Onboarding suppliers was hampered during the first half of the year, and work continues in this area with positive leading indicators. With the number of early payment clients expected to reach 50 by the end of the year, Oxygen's dominance in this niche market has continued to expand and the Group expects Oxygen to become consistently EBITDA profitable on a monthly basis during 2021.

Satago

Satago offers its customers a technically advanced invoice finance and cashflow management system via its online platform. Its core lending has been impacted by the Covid-19 pandemic, both in terms of decreased trading activities of its client base, and wider market disruption caused by Government intervention measures. Notwithstanding this, Satago's revenues from its invoice financing offering grew 16% in the first half and their core proposition remains an ideal solution for SMEs looking to operate in a post Covid-19 economy.

Satago provided free access to the platform for many SMEs and accountants during the height of the pandemic as part of its Covid-19 response. Whilst this has impacted on software subscription growth for the year, management still expect to meet initial year-end subscriptions targets based on increasing demand from both direct channels and strategic partnerships. Of note, Satago is also introducing its Lending-as-a-Service ("LaaS") solutions in Q4 2020, in direct response to its strategic partners looking to implement new and innovative finance offerings post Covid-19.

Satago has also continued to invest in its people, not least in developing its partnership support functions and in completing the build out of its technology capabilities in Poland. Management did not furlough any employees and instead focused on quickly adapting to working from home and strengthening Satago's capabilities for growth. This should position Satago well for the remainder of the year and its next stage of growth.

Satago has also continued to develop its core technology to ensure it remains best in class and able to meet the needs of its SME clients, accountants and strategic partners. In addition to its LaaS solution, Satago has also introduced new accounting platform connectors to extend its market research and enable future product enhancements.

Despite lower lending volumes for the first half due to the Covid-19 pandemic, Satago's lending activities were strong during Q1 2020, and the business managed to secure its first external funding facility with capacity of £5m. This facility will be used in combination with Satago's own internal facilities to meet the demand for invoice financing expected towards the end of the year and into 2021. In response to the Covid-19 pandemic, Satago also focused on its core single invoice finance proposition and less on its new finance products, but management now intend to scale these new products over the coming months, with an initial focus on its whole book offering.

Vertus

Vertus provides succession finance for the IFA space through its exclusive agreement with IntegraFin plc. This is a scalable niche lending space and we remain excited by Vertus' opportunity set. More IFAs are expected to retire (estimated to be over 25% of the market in the next 5 years) and further consolidation is expected in the advice market. Vertus is well positioned to support this market transition and ensure IFAs can remain independent and offer their clients quality and bespoke advice.

Since securing a debt facility of £15m with a UK high street bank in September 2019, the loan book has performed exceptionally well, with no credit losses incurred to date. The public health crisis has encouraged many IFAs to assess options for their businesses, leading to increased loan demand. As such, we anticipate Vertus' loan book growth to remain strong over the coming months, though asset yield will fall due to Bank of England base rates cuts. This interest rate decrease is partially offset by the floating rates in Vertus' funding structure.

Vertus are now targeting a loan book of £16m during Q1 2021 (from £9.9m as at 30 June 2020) and the Group expects Vertus to turn profitable, on a monthly basis, during 2021.

Playstack

Playstack is a gaming technology business providing publishing and financing services to the mobile game and console sector. Playstack, as previously announced, is the Group's entry point into the highly attractive growth market of mobile game lending and is a niche player in the gaming ecosystem.

The business expects significant growth during 2020, driven by two significant contracts secured with major technology platforms, and a successful launch of their console game Mortal Shell. Through the remainder of 2020 into 2021, the business will continue to develop its own innovative technology that increases the revenue generating potential of its game portfolio whilst extending the reach of its financing services through partnerships with third-party lenders.

Covid-19 pandemic review

In relation to the Covid-19 pandemic, the safety of our employees was and is of paramount importance. The Company ensured it gave continuous support to employees around flexible working, wellbeing issues and other concerns and all the subsidiaries are now looking at how best to work on an ongoing basis.

Despite the positive outturn for the half year, it is important to note the impact the Covid-19 pandemic has had on the Group, specifically:

- Lending volumes started strongly in Q1 2020, but later fell below our expectations for the first half due to the Covid-19 pandemic. However, rigorous risk processes have kept defaults to a negligible level in Satago and non-existent at Vertus. The pipelines for Satago and Vertus are now building well which should allow both to hit their original year-end loan book expectations in Q1 2021.

- Satago's subscription software sales experienced a period of stagnation during lockdown. Pleasingly, volume growth has picked up in the second half and management still expect to exceed 2,000 subscribers by year end.

- Oxygen's predominantly public sector client base absorbed much of the frontline challenges associated with the Covid-19 pandemic and, whilst spending associated with social care increased, other planned spend such as construction, was reduced as economic activity was suspended or naturally churned.

  Clients gave priority to supporting their local communities by accelerating payments to their own supply chains in line with government guidance. Some of Oxygen's clients temporarily suspended discounts for a period, with Oxygen compensated for this change. Transacted spend eligible for discounts has now recovered to pre-Covid-19 pandemic levels.

  Despite these adverse impacts, Oxygen expanded their client base and management still expect to hit 50 early payment clients by year end. This, combined with the strong client renewal record, mean that management will deliver an increase in recurring revenues which, combined with a stable cost base, should enable Oxygen to become EBITDA profitable on a monthly basis during 2021.

- Playstack's strategy of partnering with third party debt providers resulted in new lending volumes in the first half of 2020 with a meaningful pipeline developing for the second half of 2020. This lending was unaffected by the pandemic, with zero defaults.

  Playstack's gaming division saw volumes increase during the Covid-19 pandemic. The launch of their latest console game, Mortal Shell, in August was well received by critics and players alike. The game has secured contracts with two global technology platforms (referred to earlier) which is expected to underpin significant revenue growth during the second half of the year.

  The pandemic has impacted growth of Playstack's brand division as clients retrenched their marketing spend during the first half, but there are positive signs from clients, and Playstack continues to invest in this truly unique opportunity

The Board recognises that future growth will, in part, be dependent on the availability of future funding whilst acknowledging that our major shareholder, Arrowgrass, publicly declared on 13 September 2019 that it is looking to divest its investment in the Company. We maintain a constructive dialogue with Arrowgrass and we continue to be focussed on maximising value for all shareholders. The Board notes that the future strategy of the Company may include proposals to dispose of and/or reduce the operations of certain subsidiaries in order to accelerate further returns of value to shareholders.

The Board looks to the future with confidence and will keep shareholders updated on the Company's progress.

INDEPENDENT REVIEW REPORT TO TRUFIN PLC
For the six months ended 30 June 2020

We have been engaged by TruFin Plc (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 of the Company which comprises the unaudited condensed interim consolidated statement of comprehensive income, the unaudited condensed interim consolidated statement of financial position, the unaudited condensed interim consolidated statement of changes in equity, the unaudited condensed interim consolidated statement of cash flows, and related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the TruFin Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange

Crowe U.K. LLP
Statutory Auditor
London, United Kingdom

24 September 2020

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	6 months ended 30 June 2020 (Unaudited) £'000	6 months ended 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Interest income	3	1,201	1,415	3,347
Fee income	3	1,743	1,723	3,445
Publishing income	3	1,247	–	547
Interest, fee and publishing expenses		(1,332)	(219)	(1,115)
Net revenue		**2,859**	**2,919**	**6,224**
Staff costs	5	(6,222)	(4,868)	(12,722)
Other operating expenses		(1,729)	(1,479)	(4,406)
Depreciation & amortisation		(379)	(256)	(963)
Net impairment gain/(loss) on financial assets		12	(38)	18
Operating loss before share of profit from joint venture		**(5,459)**	**(3,722)**	**(11,849)**
Share of profit from associates accounted for using the equity method		–	–	15
Loss before tax		**(5,459)**	**(3,722)**	**(11,834)**
Taxation	10	(1)	(1,789)	(3,090)
Loss from continuing operations		**(5,460)**	**(5,511)**	**(14,924)**
Loss from discontinued operations		–	(4,005)	(3,463)
Loss for the period/year		**(5,460)**	**(9,516)**	**(18,387)**
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
Exchange differences on translating foreign operations		(166)	(14)	81
Other comprehensive income for the period/year, net of tax		**(166)**	**(14)**	**81**
Total comprehensive loss for the period/year		**(5,626)**	**(9,530)**	**(18,306)**
Loss from continuing operations attributable to:				
Owners of TruFin plc		(5,242)	(5,511)	(14,783)
Non-controlling interests		(218)	–	(141)
		(5,460)	**(5,511)**	**(14,924)**
Loss from discontinued operations attributable to:				
Owners of TruFin plc		–	(3,831)	(3,287)
Non-controlling interests		–	(174)	(176)
		–	**(4,005)**	**(3,463)**

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2020

	Notes	6 months ended 30 June 2020 (Unaudited) £'000	6 months ended 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Total comprehensive loss for the period/year attributable to the owners of TruFin plc from:				
Continuing operations		(5,408)	(5,525)	(14,702)
Discontinued operations		–	(3,831)	(3,287)
		(5,408)	**(9,356)**	**(17,989)**

Earnings per share	Notes	6 months ended 30 June 2020 (Unaudited) pence	6 months ended 30 June 2019 (Unaudited) Pence	Year ended 31 December 2020 (Audited) pence
Basic and Diluted EPS	16	(6.5)	(9.7)	(19.2)
Adjusted EPS	16	(6.1)	(4.7)	(13.1)

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Notes	As at 30 June 2020 £'000 (Unaudited)	As at 31 December 2019 £'000 (Audited)
Assets			
Non-current assets			
Intangible assets	11	20,873	20,571
Property, plant and equipment	12	177	237
Deferred tax asset	10	2,503	2,503
Total non-current assets		**23,553**	**23,311**
Current assets			
Cash and cash equivalents		10,332	6,971
Loans and advances	13	20,997	27,705
Trade receivables		992	1,075
Other receivables		2,570	2,932
Total current assets		**34,891**	**38,683**
Total assets		**58,444**	**61,994**
Equity and liabilities			
Equity			
Issued share capital	14	73,548	73,548
Retained earnings		(5,279)	(63)
Foreign exchange reserve		(206)	(40)
Other reserves		(24,395)	(24,395)
Equity attributable to owners of the company		**43,668**	**49,050**
Non-controlling interest		1,530	1,293
Total equity		**45,198**	**50,343**
Liabilities			
Current liabilities			
Borrowings	15	8,221	6,194
Trade and other payables		4,325	4,757
Provision for commitments and other liabilities	7	700	700
Total current liabilities		**13,246**	**11,651**
Total liabilities		**13,246**	**11,651**
Total equity and liabilities		**58,444**	**61,994**

The financial statements were approved by the Board of Directors on 24 September 2020 and were signed on its behalf by:

James van den Bergh
Chief Executive Officer

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital £'000	Retained earnings £'000	Foreign exchange reserve £'000	Other reserves £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2020	**73,548**	**(63)**	**(40)**	**(24,395)**	**49,050**	**1,293**	**50,343**
Loss for the period	–	(5,242)	–	–	(5,242)	(218)	(5,460)
Other comprehensive income for the period	–	–	(166)	–	(166)	–	(166)
Total comprehensive loss for the period	**–**	**(5,242)**	**(166)**	**–**	**(5,408)**	**(218)**	**(5,626)**
Share-based payment	–	315	–	–	315	–	315
Issuance of subsidiary shares to employees	–	(289)	–	–	(289)	455	166
Balance at 30 June 2020 (Unaudited)	**73,548**	**(5,279)**	**(206)**	**(24,395)**	**43,668**	**1,530**	**45,198**
Balance at 1 January 2019	**185,000**	**15,375**	**(121)**	**(50,261)**	**149,993**	**3,255**	**153,248**
IFRS 16 adjustment	–	(18)	–	–	(18)	1	(17)
Revised Balance at 1 January 2019	**185,000**	**15,357**	**(121)**	**(50,261)**	**149,975**	**3,256**	**153,231**
Loss for the period	–	(5,511)	–	–	(5,511)	–	(5,511)
Other comprehensive income for the period	–	–	(14)	–	(14)	–	(14)
Loss from discontinued operations	–	(3,831)	–	–	(3,831)	(174)	(4,005)
Total comprehensive loss for the period	**–**	**(9,342)**	**(14)**	**–**	**(9,356)**	**(174)**	**(9,530)**
Demerger of subsidiary	(96,395)	(13,914)	–	34,866	(75,443)	(3,082)	(78,525)
Share buyback	(4,946)	–	–	(54)	(5,000)	–	(5,000)
Share-based payment	–	971	–	–	971	–	971
Balance at 30 June 2019 (Unaudited)	**83,659**	**(6,928)**	**(135)**	**(15,449)**	**61,147**	–	**61,147**

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the six months ended 30 June 2020

	6 months ended 30 June 2020 (Unaudited) £'000	6 months ended 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Cash flows from operating activities			
Loss before income tax from			
Continuing operations	(5,459)	(3,722)	(11,849)
Discontinued operations	–	(4,005)	(3,463)
Adjustments for			
Depreciation of property, plant and equipment	74	143	307
Amortisation of intangible fixed assets	577	266	1,032
Share-based payments	315	971	2,509
Increase in provision	–	1,106	506
Impairment of intangible assets	–	–	186
Fair value increase of demerged subsidiary	–	(2,618)	(2,618)
Underlying trading loss on discontinued operations	–	2,963	2,963
	(4,493)	**(4,896)**	**(10,427)**
Working capital adjustments			
Movements in loans and advances	6,708	(5,557)	770
Decrease /(increase) in trade and other receivables	421	(998)	(2,637)
(Decrease)/increase in trade and other payables	(413)	4,042	1,165
Net payables on acquisition of subsidiary	–	–	1,162
IFRS 16 adjustment	–	–	(462)
	6,716	**(2,513)**	**(2)**
Tax paid	–	–	(36)
Net cash generated from/(used in) operating activities from continuing operations	**2,223**	**(7,409)**	**(10,465)**
Cash flows from investing activities:			
Additions to intangible assets	(874)	(937)	(1,695)
Additions to property, plant and equipment	(13)	(9)	(38)
Acquisition of subsidiary	–	(750)	(1,105)
Movement in loans in year to subsidiaries pre acquisition	–	–	(7,201)
Cash on acquisition of subsidiary	–	–	516
Disposal of equity investment	–	44,500	44,500
Net cash (used in)/generated from investing activities from continuing operations	**(887)**	**42,804**	**34,977**
Cash flows from financing activities:			
Issue of ordinary share capital of subsidiary	166	–	30
New borrowings	2,027	–	5,011
Share buyback	–	(5,000)	(10,000)
Net cash generated from/(used in) financing activities from continuing operations	**2,193**	**(5,000)**	**(4,959)**
Net increase in cash and cash equivalents from continuing operations	**3,529**	**30,395**	**19,553**
Net cash used in discontinued operations	**–**	**(37,556)**	**(37,556)**
Cash and cash equivalents at beginning of the period/year	6,971	24,888	24,888

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2020

Effect of foreign exchange rate changes	(168)	(27)	86
Cash and cash equivalents at end of the period/year	**10,332**	**17,700**	**6,971**

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. Accounting policies

Basis of preparation

The annual financial statements of TruFin plc are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The condensed set of financial statements included in this Interim Financial Report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34'). This condensed set of Financial Statements has been prepared by applying the accounting policies and presentation that were applied in the preparation of the TruFin Group's published Financial Statements for the year ended 31 December 2019.

The condensed set of financial statements included in this Interim Financial Report for the six months ended 30 June 2020 should be read in conjunction with the annual audited financial statements of TruFin plc for the year ended 31 December 2019.

Going concern

The Directors are satisfied that the TruFin Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of the report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Group information

The TruFin Group ("the Group") is the consolidation of;

- TruFin plc,
- TruFin Holdings Limited,
- Oxygen Finance Group Limited, Oxygen Finance Limited, Oxygen Finance Americas Inc. and Porge Ltd, together the ("Oxygen Group"),
- TruFin Software Limited,
- Satago Financial Solutions Limited, Satago SPV 1 Limited, Satago SPV 2 Limited, Satago Financial Solutions z.o.o, together ("Satago"),
- AltLending (UK) Ltd,
- Vertus Capital Limited and Vertus SPV 1 Limited, together ("Vertus"), and
- Playstack Limited, Bandana Media Ltd, Playignite Ltd, Playstack z.o.o, Playstack OY, Foxglove Studios AB, Playtest Ltd (dissolved 24 March 2020), Playstack Inc and Playignite Inc, together the ("Playstack Group").

Additionally, the Playstack Group also includes four associate companies incorporated in the UK which have been accounted for using the equity method. These are;

- A 49% interest in PlayFinder Games Ltd,
- A 49% interest in Snackbox Games Ltd,
- A 42% interest in Military Games International Ltd, and
- A 26% interest in Stormchaser Games Ltd.

The principal activities of the Group are the provision of niche lending, early payment services and mobile game publishing.

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.

Significant accounting policies and use of estimates and judgements

The preparation of interim consolidated financial statements in compliance with IAS 34 requires the use of certain critical accounting judgements and key sources of estimation uncertainty. It also requires the exercise of judgement in applying the TruFin Group's accounting policies. There have been no material revisions to the nature and the assumptions used in estimating amounts reported in the annual audited financial statements of TruFin plc for the year ended 31 December 2019.

The accounting policies, presentation and methods of computation in the audited financial statements have been followed in the condensed set of financial statements.

2. General information

TruFin plc is a public limited company incorporated in Jersey. The shares of the Company are listed on the Alternative Investment Market. The address of the registered office is 26 New Street, St Helier, Jersey, JE2 3RA.

A copy of this Interim Financial Report including Condensed Financial Statements for the period ended 30 June 2020 is available at the Company's registered office and on the Company's investor relations website (www.trufin.com).

3. Gross revenue

	6 months ended 30 June 2020 (Unaudited) £'000	6 months ended 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Interest income	1,201	1,415	3,347
Total interest income	**1,201**	**1,415**	**3,347**
EPPS* contracts	1,224	1,246	2,502
Consultancy fees	26	23	45
Subscription fees	493	454	898
Total fee income	**1,743**	**1,723**	**3,445**
IAP revenue	224	–	223
Advertising revenue	223	–	181
Console revenue	733	–	98
Brand revenue	67	–	45
Total publishing income	**1,247**	**–**	**547**
Gross revenue	**4,191**	**3,138**	**7,339**

*Early Payment Programme Services

4. Segmental reporting

The results of the Group are broken down into segments based on the products and services from which it derives its revenue:

Short term finance:

Provision of invoice discounting and succession financing for the IFA space. For results during the reporting period, this corresponds to the results of Satago, Vertus and AltLending.

Payment services:

Provision of Early Payment Programme Services. For results during the reporting period, this corresponds to the results of the Oxygen Group.

Publishing:

Publishing of video games. For results during the reporting period, this corresponds to the results of the Playstack Group.

Other:

Revenue and costs arising from investment activities. For results during the reporting period, this corresponds to the results of TruFin Software Limited, TruFin Holdings Limited and TruFin plc.

The results of each segment, prepared using accounting policies consistent with those of the Group as a whole, are as follows:

6 months ended 30 June 2020	Short term finance £'000	Payment services £'000	Publishing £'000	Other £'000	Total £'000
Gross revenue	907	1,711	1,247	326	4,191
Cost of sales	(340)	(271)	(721)	–	(1,332)
Net revenue	567	1,440	526	326	2,859
Adjusted operating loss*	(1,983)	(322)	(1,732)	(1,107)	(5,144)
Share of profits from associates	–	–	–	–	
Loss before tax	(1,983)	(322)	(1,732)	(1,422)	(5,459)
Taxation	(1)	–	–	–	(1)
Loss for the period	(1,984)	(322)	(1,732)	(1,422)	(5,460)
Total assets	20,328	9,846	15,665	12,605	58,444
Total liabilities	(8,767)	(1,714)	(1,233)	(1,532)	(13,246)
Net assets	11,561	8,132	14,432	11,073	45,198

*adjusted operating loss excludes share-based payment expense

6 months ended 30 June 2019	Short term finance £'000	Payment services £'000	Other £'000	Total £'000
Gross revenue	1,268	1,723	147	3,138
Cost of sales	(66)	(153)	–	(219)
Net revenue	**1,202**	**1,570**	**147**	**2,919**
Adjusted operating loss*	(118)	(862)	(1,770)	(2,750)
Loss before tax	**(118)**	**(862)**	**(2,742)**	**(3,722)**
Taxation	–	(1,789)	–	(1,789)
Loss for the period from continuing operations	**(118)**	**(2,651)**	**(2,742)**	**(5,511)**
Loss for the period from discontinued operations	(2,963)	–	(1,042)	(4,005)
Loss for the period	**(3,081)**	**(2,651)**	**(3,784)**	**(9,516)**
Total assets	24,138	11,383	34,936	70,457
Total liabilities	(692)	(2,117)	(6,501)	(9,310)
Net assets	**23,446**	**9,266**	**28,435**	**61,147**

*adjusted operating loss excludes share-based payment expense

Year ended 31 December 2019	Short term finance £'000	Payment services £'000	Publishing £'000	Other £'000	Total £'000
Gross revenue	2,752	3,436	547	604	7,339
Cost of sales	(269)	(562)	(284)	–	(1,115)
Net revenue	**2,483**	**2,874**	**263**	**604**	**6,224**
Adjusted operating loss*	(880)	(2,015)	(2,003)	(4,442)	(9,340)
Share of profits from associates	15	–	–	–	15
Loss before tax	**(865)**	**(2,015)**	**(2,003)**	**(6,951)**	**(11,834)**
Taxation	–	(3,090)	–	–	(3,090)
Loss for the year from continuing operations	**(865)**	**(5,105)**	**(2,003)**	**(6,951)**	**(14,924)**
Loss for the year from discontinued operations	(2,963)	–	–	(500)	(3,463)
Loss for the year	**(3,828)**	**(5,105)**	**(2,003)**	**(7,451)**	**(18,387)**
Total assets	21,385	9,440	15,804	15,365	61,994
Total liabilities	(7,010)	(1,814)	(673)	(2,154)	(11,651)
Net assets	**14,375**	**7,626**	**15,131**	**13,211**	**50,343**

*adjusted operating loss excludes share-based payment expense

5. Staff costs

Analysis of staff costs:

	6 months ended 30 June 2020 (Unaudited) £'000	6 months ended 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Wages and salaries	4,885	2,890	8,203
Consulting costs	166	263	506
Social security costs	637	651	1,275
Pension costs arising on defined contribution schemes	219	92	229
Share-based payment	315	972	2,509
	6,222	**4,868**	**12,722**

Consulting costs are recognised within staff costs where the work performed would otherwise have been performed by employees. Consulting costs arising from the performance of other services are included within other operating expenses.

Average monthly number of persons (including Executive Directors) employed:

	6 months ended 30 June 2020 (Unaudited) #	6 months ended 30 June 2019 (Unaudited) #	Year ended 31 December 2019 (Audited) #
Management	19	12	15
Finance	8	8	6
Sales & marketing	30	19	20
Operations	39	36	42
Technology	64	14	36
	160	**89**	**119**

Directors' emoluments

	6 months ended 30 June 2020 (Unaudited) £'000	6 months ended 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Combined remuneration	425	830	3,041

6. Employee share-based payment transactions

The employment share-based payment charge comprises:

	6 months ended 30 June 2020 (Unaudited) £'000	6 months ended 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Performance Share Plan and Joint Share Ownership Plan Founder Award	233	913	2,430
Performance Share Plan Market Value Award	40	(63)	79
Performance Share Plan 2020 Award	42	–	–
Performance Share Plan 2019 Award	–	122	–
Performance Share Plan 2018 Award	–	–	–
Total	**315**	**972**	**2,509**

Performance Share Plan and Joint Share Ownership Plan Founder Award ("PSP and JSOP")

On 21 February 2018, 3,407,895 shares were granted to selected founder members of senior management of which the share price at date of grant was £1.90 per share. The awards are structured as a Performance Share Plan and a Joint Share Ownership Plan. The Performance Share Plan is structured as a nil cost option with no performance conditions attached. The awards were also granted subject to continued employment until February 2021. The Joint Share Ownership Plan allows the employee to participate in the growth in value over and above the grant price of £1.90. The shares vest 25% on each anniversary of the grant date.

The first 25% of shares (851,973 shares) vested on 21 February 2019 when the share price was £1.98. As a result 817,550 shares subject to the Joint Share Ownership Plan became fully owned by the trustee of the Company's employee benefit trust (the "EBT") and 34,423 became fully owned by senior management.

At the time of Distribution Finance Capital Ltd's ("DFC's") demerger from the Group, there was a modification to the Founder Award. The £1.90 price above which the employee was able to participate in value growth under the Joint Share Ownership Plan was adjusted proportionally by reference to the respective share prices of DFC and TruFin to £0.85. This modification has not resulted in a change in the valuation of the award and this continues to be recognised over the remainder of the original vesting period.

As part of the demerger, holders of Founder Awards also received an award in respect of DFC shares which gave rise to an employer's National Insurance liability of £419,000, which was paid in July 2019.

On 11 September 2019, in connection with his change of role, the unvested Founder Awards in respect of 1,369,244 shares held by Henry Kenner fully vested, the result of which was that all of the relevant shares ceased to be subject to the Joint Share Ownership Plan and instead become fully owned by the EBT. In addition, 1,369,244 shares subject to the Performance Share Plan ceased to be subject to continued employment condition.

Performance Share Plan Market Value Award ("PSP Market Value")

On 21 February 2018, options to acquire 4,868,420 shares were granted to the senior management team. The vesting of this award is based on market-based performance conditions. The vesting of these awards is subject to the holder remaining an employee of the Company and the Company's share price achieving five distinct milestones - vesting at 20% each milestone. The exercise price of the awards at the time of grant was £1.90 per share. A Monte Carlo simulation was used to determine the fair value of these options. The model used an expected volatility of 10% and a risk free rate of 1.3%.

In order to reflect the impact of the demerger, the PSP Market Value Award was split into two:

- Part of the award remained as an option in respect of TruFin plc shares ("TruFin Market Value Award")
- Part of the award became an award in respect of DFC shares ("DFC market Value Award")

The TruFin Market Value Award is on the same terms as the original PSP Market Value Award except that:

- The exercise price was adjusted to £0.85, and the share price milestones were adjusted to reflect the demerger
- The exercise price was further adjusted to £0.80, and the share price milestones were further adjusted, to reflect the return of value to shareholders in June 2019
- The exercise price was further adjusted to £0.71, and the share price milestones were further adjusted to reflect the return of value to shareholders in December 2019

The modification has not resulted in a change in the valuation of the award and this continues to be recognised over the remainder of the original vesting period.

The grant of the DFC Market Value Award gave rise to an employer's National Insurance liability for the Company of £265,000 which was paid in July 2019.

Performance Share Plan 2018 Award ("PSP 2018")

On 21 February 2018, options to acquire 1,000,001 shares were granted to the senior management team. The PSP 2018 Award is structured as a nil cost option. The vesting of this award is subject to the holder being in continued employment until February 2021 and the subsidiary companies achieving certain financial metrics over a three-year period.

In order to reflect the impact of the demerger, and as the performance condition relating to the business of DFC was deemed to be achieved in full due to the demerger, the PSP 2018 Award was adjusted as follows:

- the award part vested and was satisfied by way of a cash payment calculated by reference to 50% of the shares subject to the award and a price of £1.90 per share. The cash payments were made in September 2019; and
- the awards have otherwise continued in respect of 100% of the TruFin plc shares, but the performance condition now relates solely to the business of the Oxygen Group.

During the year, PSP 2018 Awards in respect of 736,843 shares lapsed following members of senior management leaving the Group and changing roles.

The fair value of the unvested part of the award as at 30 June 2020 was deemed to be nil as it is highly improbable that the vesting conditions will be met.

Performance Share Plan 2019 Award ("PSP 2019")

On 11 September 2019 an option to acquire 320,000 shares was granted to James van den Bergh. The PSP 2019 Award is structured as a nil cost option. The vesting of this award is subject to the holder being in continued employment until September 2022 and subsidiary companies achieving certain financial metrics over a three-year period. The fair value of the award as at 30 June 2020 was deemed to be nil as it is highly improbable that the vesting conditions will be met.

Performance Share Plan 2020 Award ("PSP 2020")

The PSP 2020 Award is structured as a nil cost option. The vesting of this award is subject to the holder being in continued employment until September 2023 and subsidiary companies achieving certain financial metrics over a three-year period.

7. Provision for commitments and other liabilities

A provision of £700,000 which includes Employer's National Insurance has been provided for as a contingent liability to be paid to management as part of the management incentive plan agreed at the time of the IPO. The payment is conditional on DFC being granted a bank licence, which is at the discretion of the Prudential Regulation Authority.

	£'000
At 1 January 2020 (audited)	700
Additional provision during the period	–
At 30 June 2020 (unaudited)	**700**

	£'000
At 1 January 2019 (audited)	1,053
Demerger of subsidiary	(109)
Deferred consideration paid	(750)
Net additional provision during the year	506
At 31 December 2019 (audited)	**700**

8. Issuance of subsidiary shares to employees

On 9 March 2020, Satago Financial Solutions Limited ("SFSL") implemented its Management Incentive Plan ("Satago MIP"). Under the Satago MIP key Satago managers were given the opportunity to acquire new created ordinary shares in the capital of SFSL. 20% (750,000 ordinary shares) of the fully diluted share capital has been made available under the Satago MIP, and, to date, 590,625 ordinary shares have been issued to Satago managers.

9. Loss before income tax

Loss before income tax is stated after charging:

	6 months ended 30 June 2020 (Unaudited) £'000	6 months ended 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Depreciation of property, plant and equipment	74	143	307
Amortisation of intangible assets	577	266	1,038
Staff costs including share-based payments charge	6,222	4,868	12,722
Audit fees payable to the Group's auditor	61	54	122
Non-audit fees payable to Group's auditor	12	12	12

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2020

10. Taxation

Analysis of tax charge recognised in the period/year

	6 months ended 30 June 2020 (Unaudited) £'000	6 months ended 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Current tax charge	1	–	14
Deferred tax charge	–	1,789	3,076
Total tax charge	**1**	**1,789**	**3,090**

Deferred tax asset

	6 months ended 30 June 2020 (Unaudited) £'000	6 months ended 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Balance at start of the period/year	2,503	5,579	5,579
Debit to the statement of comprehensive income	–	(1,789)	(3,076)
Balance at end of the period/year	**2,503**	**3,790**	**2,503**
Comprised of:			
Losses	2,503	3,790	2,503
Total deferred tax asset	**2,503**	**3,790**	**2,503**

A deferred tax asset has been recognised in respect of Oxygen Finance Limited ("OFL"). It is considered probable that future taxable profits will be available to be realised against OFL's historical losses. This determination is based on OFL's forecasts. A high proportion of the revenue forecast is expected to be generated from clients which have either already onboarded or which have already signed contracts with OFL. OFL's fixed cost base is already scaled for continued business growth, whilst variable costs are not expected to be material.

11. Intangible assets

	Client contracts £'000	Software licences and similar assets £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2020	3,574	1,109	17,438	22,121
Additions	652	227	–	879
At 30 June 2020 (Unaudited)	**4,226**	**1,336**	**17,438**	**23,000**
Amortisation				
At 1 January 2020	(479)	(471)	(414)	(1,364)
Charge	(271)	(142)	(164)	(577)
At 30 June 2020 (Unaudited)	**(750)**	**(613)**	**(578)**	**(1,941)**
Accumulated impairment losses				
At 1 January 2020	(186)	–	–	(186)
Charge	–	–	–	–
At 30 June 2020 (Unaudited)	**(186)**	**–**	**–**	**(186)**
Net book value				
At 30 June 2020 (Unaudited)	**3,290**	**723**	**16,860**	**20,873**
At 31 December 2019	2,909	638	17,024	20,571

	Client contracts £'000	Software licences and similar assets £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2019	2,165	1,495	2,759	6,419
Additions	1,409	283	–	1,692
Arising on acquisition of subsidiary	–	–	14,679	14,679
Demerger of subsidiary	–	(669)	–	(669)
At 31 December 2019	**3,574**	**1,109**	**17,438**	**22,121**
Amortisation				
At 1 January 2019	(103)	(278)	–	(381)
Charge	(376)	(242)	(414)	(1,032)
Demerger of subsidiary	–	49	–	49
At 31 December 2019	**(479)**	**(471)**	**(414)**	**(1,364)**
Accumulated impairment losses				
At 1 January 2019	–	–	–	–
Charge	(186)	–	–	(186)
At 31 December 2019	**(186)**	**–**	**–**	**(186)**
Net book value				
At 31 December 2019	**2,909**	**638**	**17,024**	**20,571**
At 31 December 2018	2,062	1,217	2,759	6,038

Client contracts 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 Group'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.

The amortisation charge is recognised in fee expenses within the statement of comprehensive income, as these costs are incurred directly through activities which generate fee income.

Software, licenses and similar assets comprises separately acquired software, as well as costs directly attributable to internally developed platforms across the Group. These directly attributable costs are associated with the production of identifiable and unique software products controlled by the Group and are probable of producing future economic benefits. They primarily include employee costs and directly attributable overheads.

A useful economic life of 3 to 5 years has been deemed appropriate and for impairment review purposes projected cash flows have been discounted over this period.

The amortisation charge is recognised in depreciation and amortisation on non-financial assets within the statement of comprehensive income.

Goodwill arises from the acquisitions of Porge Ltd, Vertus and the Playstack Group made by the Group. Separately identifiable intangible assets have been recognised for the acquisitions of Vertus and Playstack and are being amortised over 5 years from the date of acquisition.

The remainder of the goodwill balance has been reviewed and based on performance to date and future expectations its carrying value is considered appropriate and is not impaired.

12. Property, plant and equipment

	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Right of Use Asset £'000	Total £'000
Cost					
At 1 January 2020	44	247	36	429	756
Additions	–	3	11	–	14
At 30 June 2020 (Unaudited)	**44**	**250**	**47**	**429**	**770**
Depreciation					
At 1 January 2020	(36)	(219)	(9)	(255)	(519)
Charge	(7)	(10)	(8)	(49)	(74)
At 30 June 2020 (Unaudited)	**(43)**	**(229)**	**(17)**	**(304)**	**(593)**
Net book value					
At 30 June 2020 (Unaudited)	**1**	**21**	**30**	**125**	**177**
At 31 December 2019	8	28	27	174	237

	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Right of Use Asset £'000	Total £'000
Cost					
At 1 January 2019	67	337	177	–	581
Additions	–	14	24	–	38
On adoption of IFRS 16	–	–	–	429	429
Acquisition of subsidiary	–	–	5	–	5
Demerger of subsidiary	(23)	(104)	(170)	–	(297)
At 31 December 2019	**44**	**247**	**36**	**429**	**756**
Depreciation					
At 1 January 2019	(24)	(205)	(49)	–	(278)
Charge	(15)	(32)	(5)	(255)	(307)
Acquisition of subsidiary	–	–	(3)	–	(3)
Demerger of subsidiary	3	18	48	–	69
At 31 December 2019	**(36)**	**(219)**	**(9)**	**(255)**	**(519)**
Net book value					
At 31 December 2019	**8**	**28**	**27**	**174**	**237**
At 31 December 2018	43	132	128	–	303

13. Loans and advances

	30 June 2020 (Unaudited) £'000	31 December 2019 (Audited) £'000
Total loans and advances	21,005	27,828
Less: loss allowance	(8)	(123)
	20,997	**27,705**

Past due receivables relating to loans and advances are analysed as follows:

	30 June 2020 (Unaudited) £'000	31 December 2019 (Audited) £'000
Neither past due nor impaired	19,537	27,126
Past due: 0–30 days	1,444	490
Past due: 31–60 days	13	61
Past due: 61–90 days	3	23
Past due: more than 91 days	–	5
	20,997	**27,705**

The financial risk management procedures disclosed in the 31 December 2019 audited financial statements have been and remain in place for the period to 30 June 2020.

14. Share capital

	Share Capital £'000	Total £'000
80,822,204 shares at £0.91 per share at 30 June 2020 (unaudited)	**73,548**	**73,548**

All ordinary shares carry equal entitlements to any distributions by the company. No dividends were proposed by the Directors for the period ended 30 June 2020.

15. Borrowings

	30 June 2020 (Unaudited) £'000	31 December 2019 (Audited) £'000
Loans due within one year	8,221	6,194
	8,221	**6,194**

Movements in borrowings during the year

The below table identifies the movements in borrowings during the year.

	£'000
Balance at 1 January 2020	6,194
Funding drawdown	2,861
Interest expense	159
Fees amortised	67
Repayments	(1,060)
Balance at 30 June 2020 (Unaudited)	**8,221**
Balance at 1 January 2019	59,041
Demerger of subsidiary	(59,041)
Acquisition of subsidiary	1,183
Funding drawdown	5,350
Interest expense	39
Origination fees paid	(357)
Repayments	(21)
Balance at 31 December 2019 (Audited)	**6,194**

16. 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 period/year.

The calculation of the basis and adjusted earnings per share is based on the following data:

	6 months ended 30 June 2020 (Unaudited)	6 months ended 30 June 2019 (Unaudited)	Year ended 31 December 2019 (Audited)
Number of shares			
At period/year end	80,822,204	91,933,316	80,822,204
Weighted average	80,822,204	96,617,716	94,043,175
Earnings attributable to ordinary shareholders	**£'000**	**£'000**	**£'000**
Loss after tax attributable to the owners of TruFin plc	(5,242)	(9,342)	(18,070)
Adjusted earnings attributable to ordinary shareholders			
Loss for the period/year attributable to the owners of TruFin plc	(5,242)	(9,342)	(18,070)
Adjusted for:			
Share-based payment	315	972	2,509
Loss from discontinued operations	–	3,831	3,287
Adjusted loss after tax attributable to the owners of TruFin plc	(4,927)	(4,539)	(12,274)
Earnings per share*	**Pence**	**Pence**	**Pence**
Basic and Diluted	(6.5)	(9.7)	(19.2)
Adjusted[1]	(6.1)	(4.7)	(13.1)

* All Earnings per share figures are undiluted and diluted.

Adjusted[1] EPS excludes share-based payment expense, exceptional items and discontinued operations from loss after tax

Management has been granted share options in TruFin plc. These could potentially dilute basic EPS in the future, but were not included in the calculation of diluted EPS as they are antidilutive for the periods presented, as the Group is loss making.

17. Related party disclosures

Transactions with directors

Key management personnel disclosures are provided in notes 5 and 6.

18. Post balance sheet events

No reportable post balance sheet events.

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