TRU | FIN

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 December 2021

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COMPANY INFORMATION
For the year ended 31 December 2021

Directors	Steve Baldwin (Chairman) James van den Bergh (Chief Executive Officer) Penny Judd (Non-Executive Director) Paul Dentskevich (Non-Executive Director) Anders Wilhelmsen (Non-Executive Director) (appointed 16 February 2022) Stephen Greene (Non-Executive Director) (resigned 31 October 2021)
Company Secretary	Ocorian Secretaries (Jersey) Limited
Registered Office	26 New Street St Helier Jersey JE2 3RA
Business Address	48 Warwick Street London W1B 5AW
Registered Number	125245
Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Nominated Advisor and Broker	Liberum Capital Limited 25 Ropemaker Street London EC2Y 9LY
Advisors	Travers Smith LLP (Solicitors – UK law) 10 Snow Hill London EC1A 2AL Ogier (Solicitors – Jersey law) 44 Esplanade St Helier Jersey JE4 9WG Equiniti (Jersey) Limited (Registrar) 26 New Street St Helier Jersey JE2 3RA

CHAIRMAN'S STATEMENT
For the year ended 31 December 2021

When I wrote my Chairman's Statement last year, we had just experienced a very difficult 12 months. The pandemic was still causing significant disruption and the outlook was still highly unpredictable for companies around the world. The Group's various businesses responded amazingly well to unprecedented challenge, and I am incredibly proud of our employees who navigated new working environments and continued to drive the businesses forward.

I wrote last year that the Group was emerging from the pandemic relatively unscathed and even better placed to prosper. I am delighted to say that this has indeed been the case and we have made great strides forward in 2021. Though the pandemic's impact appears to be waning, we now face other challenges, such as rising inflation resulting in increased interest rates and, no doubt, further difficulties caused by the conflict in Ukraine. Despite such challenges, TruFin is in great shape and I expect to be able to report considerable growth in all our businesses through 2022.

The Group had three main objectives during 2021. Firstly, the restructuring of the shareholder base to allow the Group to fully capitalise on the inherent value it had already created, whilst ensuring it remains a stable Group for employees, strategic partners and other stakeholders. This successfully happened via two oversubscribed sell-downs of our largest shareholder's position – resulting in TruFin gaining many new, high quality institutional shareholders.

Secondly, the Group sought to continue the transition from a lending Group to one focused on recurring software sales and licencing fees. It is therefore very pleasing to report that during 2021 the Group generated more than 87% of its revenue from these sources.

Finally, the Group strived continuously to provide exemplary service to its customers and give our 136 employees the opportunity to continue the important work they do. As a result of their efforts, TruFin is better positioned now than it has ever been. This is no more evident than in the recent signing of a letter of intent by Lloyds Bank plc ("Lloyds Bank" or the "Bank") and £5m equity investment by Lloyds Banking Group ("LBG") in Satago Financial Solutions Limited ("Satago") which was only possible thanks to the collaborative and stellar work carried out by all parties during 2021.

Highlights throughout 2021 include:

- Oxygen Finance Limited ("Oxygen") recording its first full year EBITDA profit
- Satago extending its trial with Lloyds Bank and developing further integration with the Bank's infrastructure
- Playstack Limited's ("Playstack") beta launch of Interact, their new brand offering which introduces real world brands into the gaming space
- Vertus Capital Limited ("Vertus") recording its first year of profit whilst writing £8.4m of new facilities and experiencing zero credit losses, yet again demonstrating the efficacy of its underwriting

What is particularly pleasing is how significantly de-risked the Group now is - both tactically and strategically - as a result of the work carried out during the last 12 months.

The decision for Oxygen to demonstrate the operational leverage in the business, whilst maintaining its leading market position, has resulted in its first full year of EBITDA profit during 2021. With 2022 expected to deliver the first year of cash generation, this will end the need for financial support from TruFin.

Satago's focus on its Lending-as-a-Service ("LaaS") launch and delivering on its strategic partnership with Lloyds Bank has resulted in the Bank selecting it to provide invoice factoring solutions to the Bank's customers. Alongside this recent landmark announcement, it was also very pleasing to report that LBG made a strategic investment of £5m in Satago.

Playstack's successful launch of their first major title has resulted in the console portfolio being extended by three new titles for release in 2022, with a strong pipeline of further titles for 2023 and beyond. The existing back catalogue in mobile and console, combined with these secured releases and Interact's launch, ensures a balanced mix of revenue streams going forward for this exciting gaming technology business.

As ever with Vertus, it has been pleasing to witness such a robust credit performance and a first full year of profitability.

CHAIRMAN'S STATEMENT (CONTINUED)
For the year ended 31 December 2021

TruFin's share price has risen by more than 400% since mid-2020. This rise, I believe, is a result of the wholesale restructuring in the shareholder register plus the excellent work done at subsidiary level. This work, evidenced by demonstrable milestones, now ensures that the Group's subsidiaries are moving from the 'venture' stage to greater maturity. This reduces Group volatility whilst increasing the inherent value of the subsidiaries and the Group's ability to realise this value.

2022 meanwhile has started with two incredibly positive developments: Satago's selection as the platform of choice by Lloyds Bank and an oversubscribed £10m Placing and Open Offer. The fundraise, together with the additional £5m invested in Satago by LBG, positions the Group to accelerate growth and capitalise on all the work undertaken to date.

I look forward to updating the market on our continued progress over the course of the year and, as ever, I would like to thank all our employees and shareholders, new and old, for their continued support.

Steve Baldwin

Chairman

28 April 2022

CEO'S REVIEW
For the year ended 31 December 2021

As our Chairman highlighted, 2021 was a pivotal year for TruFin. With our largest shareholder selling down their 73.82% position (to 15 institutional investors in two oversubscribed transactions) the Group was effectively re-IPOd.

One of the key objectives for the Group is to create a stable environment for our subsidiaries. As such it cannot be underestimated how positively the news of our updated shareholder structure was received by both employees and customers, alongside our partners, suppliers and other stakeholders.

In addition, the Group continued to transition its revenue base away from lending income towards recurring licence fee and software revenues. Alongside these important strategic goals, the subsidiaries grew their customer bases, strengthened their partnerships and positioned themselves for an exciting 2022 and beyond.

2021 Group Performance

When I became CEO in 2019, the Group's revenue was dominated by lending income, with just 36% of revenues attributed to recurring software and licencing fees. One of the Group's strategic objectives was to reorientate income so that the majority came from these more predictable sources. With 87% of 2021 revenues coming from such fees we can say that this transition has occurred successfully. Our new capital light model positions us perfectly to generate the high EBITDA margins and return on equity that other successful software-as-a-service ("SaaS") businesses enjoy.

The shift to recurring software and licencing fees has resulted in the Group consolidating the significant revenue growth we experienced in 2020; 2021 saw a modest 12% decline in revenues to £13.1m, driven by lending earnings falling by 35%. With the split between the various revenue streams now at a sustainable level, we can look forward to the Group returning to meaningful growth in 2022 and beyond.

The Group ended the year with a cash balance of £7.6m (including cash of £4.7m in Satago and £0.7 million in Vertus which cannot be accessed at a Group level) and, following the £10m fundraising post period end, is fully funded to achieve profitability.

Oxygen

- Revenue growth in the year and strong cost management resulted in positive EBITDA generation for each quarter of 2021, ensuring Oxygen delivered its first full year of EBITDA profit (£0.5m)
- Oxygen is now fully funded through to profitability and cash generation and therefore no longer requires financial support from the Group
- New business continued to progress well with five new Early Payment Programme clients and 23 new Insight Solutions clients. Oxygen lost two Insight clients in the period (one of which returned during the final quarter 2021) and as a result Oxygen had 120 unique clients at year end
- Average Early Payment Programme client tenure, as at end of 2021, was 6.2 years. The average length of contract terms and loyalty of the customer base amplifies the value of the recurring revenue stream built up within Oxygen
- Suppliers joined Oxygen's Early Payment Programmes at a record rate, with a 43% increase in suppliers onboarded versus the same period in 2020
- Oxygen processed its 1,000,000th rebate in 2021
- Oxygen successfully positioned itself as a financial technology company delivering social value. As a result, 2021 saw dramatic growth in its FreePay Programme, which allows small and micro suppliers to benefit from early payment without charge, and the development of a Carbon Reporting tool to provide local authorities insight into their Scope 3 emissions

Satago

- 2021 was the first full year of the LaaS proposition with a focus on developing the offering for Lloyds Bank, culminating in the March 2022 announcement. The work carried out with both Lloyds Bank and other potential partners provides the foundation for significant future growth
- Satago expanded its product range, with whole book funding launched during 2021
- Government backed loans and Covid restrictions reduced demand for Satago's financing products
- New financing product providing funding against HMRC R&D tax credit submissions
- £5m revolving credit agreement signed in March 2020 continues to run well and the agreement remains in force

Playstack

- Good progress during this transitional year, delivering financial targets and setting the foundations for growth in 2022 and 2023
- Back-book games portfolio contributed more than 50% of games revenue in 2021, with strong catalogue management and platform partnerships
- Ongoing investment in Interact, the brand technology platform, throughout 2021 ensuring a successful beta launch in November 2021 and public launch in February 2022

Vertus

- New facilities closed during 2021 increased by 70% to £8.4m (2020: £4.9m), resulting in interest income increasing by 33% to £1.3m (2020: £1.0m)
- Active facilities increased from 15 to 21 (inclusive of two early settlements)
- Zero missed payments, defaults, or impairments across the book for the fifth consecutive year
- Renewal of creditor agreements for a further 36 months, on improved terms

Current trading and prospects

After a transitional 2021 in which the Group reorientated towards recurring software and licencing fee income, we expect significant growth during 2022. Group revenues in the first quarter of 2022 are expected to be more than £2.5m (unaudited), flat versus revenues during the same period in 2021.

Following the recent oversubscribed Placing and Open Offer, the Group is focused on delivering considerable growth, profitability and value crystallisation.

Oxygen

- Current trading in line with budget expectations for both Early Payment Programmes and Insight Solutions, with both delivering cumulative revenue growth for the first quarter of 2022 of over 25%, compared to the same period in 2021
- Record monthly recurring revenues in March 2022
- Strong pipeline for both Early Payment Programmes and Insight Solutions clients with new product development allowing for the release of the proprietary 'Carbon footprint Insights Solution'. This new product is generating significant interest and demonstrates Oxygen's ability to provide further product ranges to their loyal customer base
- Record supplier on-boarding of £102m in the first quarter of 2022, representing an increase of 34% over

the same period in 2021 and a 120% increase over the fourth quarter of 2021. The supplier spend in Oxygen's Early Payment Programmes is expected to reach £1bn during 2022

- Unique client count exceeded 125

Satago

- The first quarter of 2022 was dominated by continued work with Lloyds Bank, culminating in confirmation of their intention to enter into a commercial agreement with Satago
- A £5m equity investment by LBG into Satago ahead of the signing of the commercial agreement with Lloyds Bank
- Meaningful progress with a growing pipeline of LaaS customers in Europe and the UK interested in all or part of its technology suite
- Increased activity and demand for Satago's own loan book offering

Playstack

- Console portfolio extended by three new titles for release during 2022, with a strong pipeline of titles for 2023 and beyond
- Interact brand technology publicly announced in February 2022, with significant interest from numerous developers and brands
- Increased mix of revenue sources for 2022 and beyond, providing a more balanced mix across the company portfolio and allowing the business expected to target profitability during 2023

Vertus

- Ongoing consolidation in the IFA market is fuelling demand for funding, positioning Vertus well for further growth
- Lead times for closing facilities increased due to challenges around FCA change of control processing times. We believe these delays are temporary
- New referral agreements and online campaigns are driving increased applications. The first quarter of 2022 saw £2.8m of new facilities closed and a further £8.4m of new facilities approved and submitted for legal drafting
- Zero missed payments, defaults or impairments

Outlook

In 2021 we remained focused on our technological advantages. This allowed us to expand our product offerings to new and existing customers, the benefits of which we will see in 2022 and beyond. Similarly, we expect our investments in building lasting relationships with Lloyds Bank and our other partners to bear fruit in the coming years.

With each subsidiary delivering on their strategic objectives and having executed on an oversubscribed Placing and Open Offer, the Group is now well positioned to focus on continued growth, moving towards profitability and value creation.

It is with pride that I have seen first-hand how our Board has acted to protect all shareholders over the last 24 months. We have received unwavering support from new and existing shareholders who have given us the time to develop the foundations for continued growth. Crucially, we have also been trusted by our employees and partners who have remained loyal despite our competitors attempting to capitalise on our temporary instability.

So, alongside the habitual 'thank you' to our shareholders I would like to thank all stakeholders for their support and encouragement.

We have hit the ground running in 2022 and we look forward to updating investors on TruFin's progress throughout the year.

James van den Bergh

Chief Executive Officer
28 April 2022

GROUP STRATEGIC REPORT
For the year ended 31 December 2021

Goals and Objectives

TruFin's overarching strategy is to generate significant value by remaining focused on poorly served niches and partnering with others. We work with an increasing number of partners which have dominant positions in their markets, allowing us to scale over time without significant marketing costs. It is through existing and new partnerships that the Group expects to grow and meaningfully increase shareholder value.

Our strategic objective remains the realisation of value from each of our assets at the appropriate time.

Specifically, the Directors have the following short term strategic objectives for each business:

Oxygen

- Expand the Early Payment Solutions client portfolio to beyond 70 clients
- Build out partnerships and launch proprietary products for new and existing clients
- Achieve first full year of positive free cash flow, ensuring no further financial support is required from TruFin

Satago

- Finalise commercial terms with Lloyds and begin serving Lloyds Bank customers by the end of 2022
- Expand the client base utilising the Satago platform and lending offerings in order to support the UK's small and medium sized enterprises
- Sign up further strategic partnerships for the LaaS products
- Ensure Satago's platform can provide the full range of invoice finance products by the end of 2022 (single invoice, factoring and discounting)

Playstack

- Continue to maximise the console catalogue performance through diligent management and analysis
- Build on a successful launch of Interact with developers and brands, expanding the feature-set to exceed customer expectation
- Continue to invest in the games portfolio, data technology and gaming insights in order to build sustainable and scalable revenues across the mobile portfolio
- Secure key console and mobile titles for 2023 and beyond

Vertus

- Remain the UK's go-to provider of independent capital solutions for IFA acquisition and succession planning. We believe this alone can enable significant growth in facilities of 40% per annum over the next three years
- Explore additional capital products to offer well-positioned regional IFA firms seeking market consolidation through acquisition
- Continue to collaborate closely with IntegraFin plc in order to build our reputation as a niche capital provider in the UK IFA market

Principal risks and uncertainties

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

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

As well as external reviews and audits from the Group's statutory auditors, the Group has internal checks and policies. Initial responsibility rests with the management team of each business for identifying and managing risks arising in their business areas. This is augmented by the Group's central compliance and finance function with responsibility for reporting to the Board.

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

- **Strategic risk** - Strategic and business risk is the risk which can affect the Group's ability to achieve its corporate and strategic objectives. The risk on the performance of the Group arising from its strategic decisions, change in the business conditions, improper implementation of decisions or lack of responsiveness to industry changes. It is particularly important as the Group continues its growth strategy. The Group will not put its core strategic and business objectives at a level of risk which is beyond its financial resources and operational capabilities. The Group will monitor and continually review this risk

- **Credit risk** - The risk of default, potential write-off, financial loss arising from a borrower or counterparty failing to meet its financial obligations. 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 loans issued are in most cases collateralised to a large extent and therefore the risk of loss is mitigated to the extent the Directors deem appropriate in accordance with the relevant risk policies

- **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. Both Vertus and Satago have secured external funding with which they can continue to grow their loan books. PlayIgnite is acting as a 'broker' for an external debt provider and is looking to increase the pool of capital available for funding

- **Operational risk** - the risk of financial loss and/or reputational damage resulting from inadequate or failed internal processes, people and systems or from external events. The exposure to operational risk has increased from the previous year as the businesses have grown. Mitigating factors are: the Group reviews its operational infrastructure to ensure that it is secure and fit for purpose, the Group maintains a strong internal control environment and the Group has also factored in the strengthening of processes and systems

- **Covid-19** – The Covid-19 pandemic and related lockdowns has impacted companies, employees, suppliers and customers across the world. Operationally the Group fully adapted to remote working in 2021, with minimal disruption to business. The Group will continue to monitor the impacts on its customers and partners and will work alongside them to navigate any short, medium and long-term challenges that may arise

- **Risk to delayed Contract Signings** – Satago and Lloyds Bank are in discussions to enter into a commercial agreement to license Satago's software platform and these conversations are progressing as planned. The risk is that a commercial agreement is not finalised which would result in lower forecast financial performance in the near term. The Group will continue to monitor this matter and support Satago in finalising an agreement

Strict adherence to managing risk

The Group manages such risks, among other things, with robust systems and processes, guidelines and policies which are forward-looking, clearly articulated, documented and communicated throughout the businesses and which enable the accurate identification and control of potentially problematic transactions and events.

Due to Satago and Vertus being lending businesses, they each have their own risk committees and formal risk procedures in place that aim to manage risk effectively. The systems and processes, guidelines and policies are continually reviewed and updated and effectively communicated to all personnel to ensure that resources, governance and infrastructure are appropriate for the increasing size and complexity of the business.

The Group manages the risks by making complex judgements, including decisions (based on assumptions about economic factors) about the level and types of risk that it is willing to accept in order to achieve its business objectives, the maximum level of risk the Group can assume before breaching constraints determined by liquidity needs and its regulatory.

Significant events post reporting date

In February 2022 the Company was pleased to announce the appointment of Anders Wilhelmsen as a Non-Executive Director. Mr Wilhelmsen is appointed as a representative of Watrium AS ("Watrium") which is a long-standing and very supportive shareholder. The Company has already benefited from Mr Wilhelmsen's appointment and looks forward to working with him to achieve its stated strategic objectives.

We are delighted that Satago's platform was selected by Lloyds Bank as the platform of choice to support the provision of invoice factoring solutions to the Bank's customers. In addition, LBG made a strategic investment of £5m in Satago. These landmark commercial and strategic partnerships are pivotal to the future success of Satago, and we look forward to updating shareholders on its progress, and further partnerships.

Finally, I would like to thank shareholders for their substantial support for the recent Placing and Open Offer. Both transactions were over-subscribed and resulted in the Company raising £10m via the issue of 13,360,739 New Ordinary Shares at 75 pence per Share.

TruFin has never been better positioned. With two businesses already achieving sustainable profitability and a fully funded business plan, we look to the future with confidence.

James van den Bergh

Chief Executive Officer
28 April 2022

REPORT OF THE DIRECTORS
For the year ended 31 December 2021

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2021.

Principal activity

The principal activities of the Group in the year under review were those of providing niche lending, early payment services and video games publishing.

Dividends

The Directors have confirmed that no dividends have been declared for the year to 31 December 2021 (2020: £nil). The Directors' current view is that the earnings of Group will first be reinvested in the businesses to fund the Group's growth strategy and any surplus cash, if not reinvested in the foreseeable future, will be returned to shareholders.

Events since the end of the year

On 12 April 2022 the Company successfully completed a Placing and Open offer resulting in 13,360,739 new ordinary shares being issued in the Company at £0.75 per share, raising gross proceed of c.£10m. Following issue of the new shares, the total number of voting rights in the Company is 94,182,943.

Since the year end Lloyds Banking Group ("LBG") has completed an investment of £5m of new equity capital in Satago, at a pre-money valuation of £20m.

937,501 newly created B ordinary shares, with a par value of £0.001 per share, were allotted for £5m cash from LBG, representing 20% of the fully diluted share capital.

On 9 March 2022 TruFin agreed to vary the terms of an existing £3 million loan to Satago so that it is convertible into equity capital in Satago at the same valuation as the LBG investment or, if a further funding round takes place, the valuation implied by the funding round. Assuming conversion based on the £20 million valuation (and assuming LBG does not subscribe for its pro rata entitlement to shares), TruFin would hold approximately 68% of Satago (on a fully diluted basis).

In addition on 9 March 2022 LBG confirmed its intention to enter into a commercial agreement to licence Satago's software platform for its Single Invoice Finance and whole of book Invoice Factoring customers. Satago and LBG have signed a letter of intent.

Directors

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

Steve Baldwin

James van den Bergh

Penny Judd

Paul Dentskevich

Anders Wilhelmsen (appointed 16 February 2022)

Stephen Greene (resigned 31 October 2021)

The Directors' interests in the shares of TruFin plc, all of which were beneficial interests, at 31 December 2021 are as follows:

Number of Shares	2021	2020
J van den Bergh	165,982	165,982
P Judd	24,723	24,723
Shares jointly held by the trustee of the Company's employee benefit trust (the "EBT") and J van den Bergh	395,558	791,118

During the year 395,560 shares that were jointly held by the EBT and James van den Bergh vested. 395,560 shares became fully owned by the EBT. James van den Bergh holds a nil cost option in respect of 1,186,679 shares.

Directors insurance and indemnities

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

Significant shareholders

The following parties held greater than 3% of the issued share capital of TruFin plc as at 31 December 2021:

	Number of shares	% of issued share capital
Watrium AS	16,986,657	21.02%
Gresham House Asset Management	8,320,628	10.29%
Lombard Odier Investment Managers	5,547,343	6.86%
Premier Miton Investors	5,415,051	6.70%
JO Hambro Capital Management	4,982,620	6.16%
Jupiter Asset Management	4,755,188	5.88%
AXA Framlington Investment Managers	3,740,096	4.63%
Credit Suisse Private Banking	3,502,781	4.33%
GPIM	3,409,057	4.22%
M&G Investments	2,727,273	3.37%
CRUX Asset Management	2,430,692	3.01%

Statement of Directors' responsibility

The Directors are required by the Companies (Jersey) Law 1991, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the company for that period. The directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions. These records must disclose with reasonable accuracy at any time the financial position of the Company and enable the Directors to ensure that any financial statements prepared comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

Statement of Going Concern

The directors have completed a final assessment of the Group's financial resources, including forecasts. Based on this review, the directors believe that the Group is well placed to manage its business risks successfully within the expected economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Corporate Governance and Internal Controls

The Directors acknowledge the importance of high standards of corporate governance and how the Board and its committees operate. The corporate governance framework which TruFin operates, including Board leadership and effectiveness, board remuneration, and internal control is based upon practices which the board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the Group's values.

The Board has decided to adhere to the Quoted Companies Alliance's Corporate Governance Code ("QCA Code") for small and mid-size quoted companies (revised in April 2018 to meet the new requirements of AIM Rule 26). The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA itself has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

The Board has considered how it applies each principle and the extent to which the Board judges these to be appropriate in the circumstances. Details of how TruFin adhere to these principles can be found on our website www.TruFin.com.

In line with the QCA Code, the Board and Committees conducted a formal performance evaluation process during the year. The process was carried out by way of tailored questionnaires completed by each member of the Board and Committees.

With respect to the Board, the question covered a variety of topics, including the composition of the Board, the quality and timeliness of information provided to the Board, succession planning and shareholder engagement. In general, the responses found the Board comprises an appropriate balance of skills and experience and that it is operating effectively.

The Board comprises one Executive Director and four Non-Executive Directors, three of which are independent.

Brief biographies of the Directors are set out below:

James van den Bergh – *Chief Executive Officer*

James possesses over 16 years of investment banking and capital markets experience. James led the alternative finance team at Arrowgrass Capital Partners since its inception in 2013 to its transfer to TruFin. James began his career at Merrill Lynch before transitioning into investment management in 2003. James was formerly a partner at SAC Capital Advisors, Walter Capital Management LLP and Ivaldi Capital LLP. James is a Chartered Financial Analyst (CFA) Charterholder.

Steve Baldwin – *Chairman (appointed Chairman 26 June 2020, previously Senior Independent Non-Executive Director)*

Steve has an extensive corporate finance background and is currently a Non-Executive Director at The Edinburgh Investment Trust plc, Plus500 Limited and Wings Holdings Limited. He is also a Trustee at Howard de Walden Estate Limited. Steve was the Head of European Equity Capital Markets and Corporate Broking at Macquarie Capital until February 2015. Prior to this, Steve was a Director at JPMorgan Cazenove for ten years and was a Vice President of Corporate Finance at UBS from 1995 to 1998. Steve qualified as a Chartered Accountant.

Penny Judd – *Independent Non-Executive Director*

Penny has over 30 years of experience in Compliance, Regulation, Corporate Finance and Audit and is currently a Non-Executive Director, Senior Independent Director and Chair of the Audit Committee of AIM listed Alpha Financial Management Consulting plc. She is also a Non-Executive Director and Chair of the Audit Committee of AIM listed Team17 plc and LendInvest plc.

Penny started her career at KPMG qualifying as a chartered accountant and specialising in Audit and Corporate Finance before joining the London Stock Exchange where she was Head of Equity Markets at the UKLA. She then moved to Cazenove & Co as a corporate financier and was a consultant at the London Investment Banking Association before moving into a career in Compliance. Penny was a Managing Director and EMEA Head of Compliance firstly for UBS Limited and then Nomura International Plc before moving into her current portfolio career.

Paul Dentskevich – *Independent Non-Executive Director*

Paul has over 30 years of financial services experience, specialising in risk management, investment management and corporate governance of hedge and other multi-asset funds. Paul is currently Risk Director at Crestbridge and Chairman of the Risk Committee at Standard Life Aberdeen. Having previously been at Brevan Howard, 2008 to 2015, Paul was a member of the Manager's Investment Committee. Paul is currently a Director at Signal Credit GP Limited, Signal Alpha II CP Limited and CloverTree Opportunities Fund Limited. Paul has a PhD in Economics from Imperial College London.

Anders Wilhelmsen – *Non-Executive Director*

Anders is an investment professional and the nominated non-executive representative of the Company's major shareholder, Watrium.

Anders currently serves on several boards on the Watrium portfolio, including Private equity firm, HitecVision and health-tech company, Sensio. He holds an MA Honours in Financial Economics from the University of St Andrews, and an MBA from INSEAD.

Our Committees

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee each with written terms of reference and agreed schedules of work.

(a) Audit Committee

The Audit Committee is chaired by Penny Judd. Its other members are Steve Baldwin and Paul Dentskevich The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It receives and reviews reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee meets at least twice a year and has unrestricted access to the Company's auditors. A copy of the Audit Committee Terms of Reference can be found on our website.

(b) Remuneration Committee

The Remuneration Committee is chaired by Paul Dentskevich. Its other members are Penny Judd and Steve Baldwin. The Remuneration Committee reviews the performance of the Company's Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time by the Company. The remuneration and terms and conditions of appointment of the Non-Executive Directors is set by the Board. The Remuneration Committee meets formally at least once a year and otherwise as required. A copy of the Remuneration Committee Terms of Reference can be found on our website.

(c) Nomination Committee

The Nomination Committee is chaired by Steve Baldwin. Its other members are Penny Judd and Paul Dentskevich. The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board, performance of Board members, induction of new Directors, appointment of committee members and succession planning for senior management of the Company. The Nomination Committee is responsible for evaluating the balance of skills, knowledge, diversity and experience of the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the Board on such matters including succession planning. The Nomination Committee prepares a description of the role and capabilities required for a particular appointment. The Nomination Committee meets formally at least once a year and otherwise as required. A copy of the Nomination Committee Terms of Reference can be found on our website.

Given the small number of meetings held by the Nomination and Remuneration Committees, neither have produced a separate report, however the Company intends to review this requirement on an annual basis

Board and Committee attendance record

	Board	Committee Membership		
	Meetings attended	Nomination Committee	Audit Committee	Remuneration Committee
James van den Bergh	5 / 5			
Steve Baldwin	5 / 5	1 / 1	2 / 2	4 / 4
Penny Judd	5 / 5	1 / 1	2 / 2	4 / 4
Paul Dentskevich	5 / 5	1 / 1	2 / 2	4 / 4
Stephen Greene	4 / 5			

Statement as to disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ON BEHALF OF THE BOARD

Steve Baldwin
Chairman
28 April 2022

AUDIT COMMITTEE REPORT
For the year ended 31 December 2021

Members of the Committee

- Penny Judd (Chair)
- Steve Baldwin
- Paul Dentskevich

Role of the Committee

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It receives reviews reports from the Company's management and auditors related to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets at least twice a year and has unrestricted access to the Company's auditors. A copy of the Audit Committee Terms of Reference can be found on our website.

External Audit

The Audit Committee approves the appointment and remuneration of the Group's external auditors. They also ensure that they are satisfied with the external auditors' independence in relation to any other non-audit work undertaken by them.

Internal Audit

The Committee has considered the need for an internal audit function during the year and continues to be of the view that, given the size and nature of the Group's operations and finance team, there is no current requirement to establish a separate internal audit function.

Significant issues considered in relation to the financial statements

The Audit Committee assesses whether suitable accounting policies have been adopted and whether appropriate estimates and judgements have been made by management. The Committee also reviews accounting papers prepared by management, and reviews reports by the external auditors. The specific areas reviewed by the Committee in respect of the year were:

- appropriateness of the calculation and valuation of Goodwill recognised in the Group financial statements
- appropriateness of going concern assumptions

ESG Responsibility Statement
For the year ended 31 December 2021

Environmental Responsibility

We believe protecting the environment is a global mission and we have our own part to play in helping the UK reduce greenhouse gas emissions to net zero by 2050. Our offices operate energy saving practices, our employees recycle waste, and we discourage excessive printing of documents and will continue to remove unnecessary paper wherever we can.

We will be also considering the impact of climate change on our Group model as well as our own environmental footprint and consider how we can incorporate climate change criteria into the Group businesses. We want to support valuable businesses that share the same commitment and passion to sustainability as we do, and plan to focus on how the Group approaches environmental concerns and its carbon footprint.

Social Responsibility

Our aim is to embrace diversity and be truly representative of all sections of society. We believe the foundations are in place for the Group to uphold a diverse and inclusive environment where employees feel they can fulfil their career ambitions regardless of their gender, sexual orientation, ethnicity, disability, or social upbringing.

We believe it is critical for boards of directors to benefit from diverse perspectives, and so we aim to achieve this on the boards throughout the Group.

We strive to uphold working environments free of bullying, harassment, victimisation and unlawful discrimination, where individual differences and contributions from all employees are recognised and valued.

We our proud to work with companies within the Group that hold similar values to us, that understand the importance of a Living Wage, respect the Modern Slavery Act, and think about their communities.

Governance Responsibility

We acknowledge the importance of high standards of corporate governance and intend to comply with the principles set out in the QCA Corporate Governance Code for Small and Mid-Size quoted companies 2018. This sets out a standard of minimum best practice for small and mid-size quoted companies, particularly Alternative Investment Market (“AIM”) companies. A statement regarding how we comply with the QCA code can be found on the TruFin website.

We aim to make governance a priority throughout the Group and have implemented a Group Governance Policy within each of the subsidiaries. We believe this policy provides the Group with sufficient autonomy to be as successful as possible, whilst ensuring we have adequate information about, and appropriate control over, the significant activities and decisions of our subsidiaries, ensuring that good governance is achieved.

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF TRUFIN PLC

For the year ended 31 December 2021

Opinion

We have audited the financial statements of TruFin plc (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2021, which comprise:

- the group consolidated and parent company statements of comprehensive income for the year then ended;
- the group consolidated and parent company statements of financial position as at 31 December 2021;
- the group and parent company statements of changes in equity for the year then ended;
- the group and parent company statements of cash flows for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group and parent company's loss for the year then ended;
- the group and parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the parent company's and group's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing the Board's assessment of going concern, which included considerations arising from the COVID-19 pandemic and general economic conditions;
- Challenging budgets used by management in their going concern assessment by assessing the historical accuracy of the management's budgeting process by comparing the prior year budgets with actual figures and by comparing the first trimester of the 2022 budget to the actual trimester 2022 results;
- Examining within the working capital forecasts the key inputs within the model and corroborating them through discussions with management, including the impact of the post year end fundraising; and
- Reviewing for accuracy the disclosures in relation to this matter in the financial statements.

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

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group and Company financial statements as a whole to be £500,000 (2020: £305,000) and £165,000 (2020: £180,000) respectively. In determining this, we considered a range of benchmarks with specific focus on approximately based on 1% of Total Assets (2020: 0.5% of Total Assets).

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. The performance materiality that was set was £300,000.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Board of Directors to report to it all identified errors in excess of £25,000 (2020: £15,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The group consists of TruFin plc itself, TruFin Holdings Ltd (the holding entity) and the subsidiaries as disclosed in Note 1.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team. The primary audit engagement team audited all the UK trading entities within the group, except for the Oxygen business which was audited by a separate Crowe UK team. For the Oxygen business, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. The primary team led by the Senior Statutory Auditor was ultimately responsible for the scope and direction of the audit process. The primary team interacted regularly with the component team where appropriate during various stages of the audit, reviewed working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, such as performing analytical procedures on non significant entities to the Group, gave us appropriate evidence for our opinion on the Group financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion.

This is not a complete list of all risks identified by our audit.

Revenue Recognition	
Key audit matter	The Group derives its revenue from interest, fee and publishing income. During the year ended 31 December 2021, the Group recorded total gross revenue of £13,115k (FY20: £14,832k). Interest income is earned on loans and advances to customers by Vertus and Satago and accounts for 13% of total revenue. Fee income is earned on payment services and subscription fees provided by Oxygen and Satago which accounts for approximately 33% of total revenue. Publishing income is earned by the companies in the Playstack group and accounts for approximately 54% of total revenue. Revenue is recognised in accordance with the accounting policy set out in the financial statements. We focus on the risk of material misstatement in the recognition of revenue, as a result of both fraud and error, because revenue is material and is an important determinant of the Group's profitability, which has a consequent impact on its share price performance.
How the scope of our audit addressed the key audit matter	• For each company in the Group, we confirmed our understanding of its business model and the services and products it delivers to its customers; • Based on that understanding, we considered the performance obligations identified when "control" passes to the customer and, consequently, when revenue is earned; • We selected a sample of contracts to confirm our understanding of the principal terms and obligations; • We confirmed our understanding of the key systems used to capture and record that income and evaluate any key controls; • Where the Group utilises third party platforms we evaluated those platforms and the safeguards management have in place to corroborate the output from those platforms; • We performed an overall analytical review and corroborated the reasons for any large and unusual variances; • For a selection of transactions, we confirmed that the recognition criteria in relation to the income earned in the period has been met and vouched to cash receipt; • We reviewed and tested the basis for accrued and deferred income; • We reviewed aged receivables profile and credit notes issued post year end; and • Where relevant, we reviewed and tested revenue cut off procedures.

Carrying value of goodwill and other intangible assets	
Key audit matter	The Group's intangible assets comprises of goodwill, separately identifiable intangible assets, client contracts, software licenses and project costs When assessing the carrying value of goodwill and intangible assets, management make judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and/or other intangible assets were impaired.
How the scope of our audit addressed the key audit matter	• We evaluated, in comparison to the requirements set out in IAS 36, management's assessment (using discounted cash flow models) as to whether goodwill and/or other intangible assets were impaired. • We challenged, reviewed and considered by reference to external evidence, management's impairment and fair value models as appropriate and their key estimates, including the discount rate. We reviewed the appropriateness and consistency of the process for making such estimates. • We reviewed the accuracy of the disclosures included in the financial statements.

Carrying value of the loan book	
Key audit matter	There is a risk the loan book is not appropriately carried at the expected recoverable amount which includes the expected credit loss required under IFRS 9. We also considered the ageing analysis to ensure that an appropriate approach has been taken to dealing with any loans which are deemed past due either in terms of capital or interest. Due to the estimation needed in assessing the carrying value of the loan book, this is considered a key audit matter.
How the scope of our audit addressed the key audit matter	• We selected a sample of agreements entered into to confirm our understanding of the principal terms and obligations. • We examined the ageing analysis to ensure that an appropriate approach has been taken to dealing with any loans which are deemed past due either in terms of capital or interest. • We challenged management in relation to the assumptions applied in the ECL model by holding discussions with the management and challenging the inputs applied in the Loss Given Default assumption used in the ECL model.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report to you in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 13 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the parent company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies (Jersey) Law 1991 and income tax rules.

As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas involve significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on the key areas of estimate or judgement, this included specific testing of journal transactions, both at the year end and throughout the year.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leo Malkin (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
28 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Interest income	3	1,681	2,578
Fee income	3	4,330	3,846
Publishing income	3	7,104	8,408
Interest, fee and publishing expenses		(6,214)	(6,512)
Net revenue		**6,901**	**8,320**
Staff costs	5	(11,285)	(11,532)
Other operating expenses		(3,257)	(4,927)
Depreciation & amortisation		(794)	(799)
Net impairment reversal on financial assets	7	10	11
Share of profit from associates		3	–
Loss before tax		**(8,422)**	**(8,927)**
Taxation	2, 9	986	(2,476)
Loss for the year		**(7,436)**	**(11,403)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		(39)	85
Other comprehensive income for the year, net of tax		**(39)**	**85**
Total comprehensive loss for the year		**(7,475)**	**(11,318)**
Loss for the year attributable to:			
Owners of TruFin plc		(7,071)	(10,971)
Non-controlling interests		(365)	(432)
		(7,436)	**(11,403)**
Total comprehensive loss for the year attributable to:			
Owners of TruFin plc		(7,112)	(10,886)
Non-controlling interests		(363)	(432)
		(7,475)	**(11,318)**

Earnings per Share

	Notes	2021 pence	2020 pence
Basic and Diluted EPS	21	(8.7)	(13.6)

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Revenue	3	**2,126**	**2,192**
Staff costs	5	(1,911)	(1,920)
Other operating expenses		(624)	(975)
Depreciation & amortisation		–	(1)
Loss before tax		**(409)**	**(704)**
Taxation	9	–	–
Loss and total comprehensive income for the year		**(409)**	**(704)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Intangible assets	10	21,191	21,041
Property, plant and equipment	11	65	140
Deferred tax asset	9	303	43
Loans and advances	13	11,575	9,301
Total non-current assets		**33,134**	**30,525**
Current assets			
Cash and cash equivalents		7,608	17,728
Loans and advances	13	4,558	5,359
Interest in associate		3	–
Trade receivables	14	2,585	1,992
Other receivables	14	2,840	1,962
Total current assets		**17,594**	**27,041**
Total assets		**50,728**	**57,566**
Equity and liabilities			
Equity			
Issued share capital	15	73,548	73,548
Retained earnings		(17,731)	(10,730)
Foreign exchange reserve		4	45
Other reserves		(24,393)	(24,395)
Equity attributable to owners of the company		**31,428**	**38,468**
Non-controlling interest	19	1,023	1,268
Total equity		**32,451**	**39,736**
Liabilities			
Non-current liabilities			
Borrowings	16	11,351	8,507
Total non-current liabilities		**11,351**	**8,507**
Current liabilities			
Borrowings	16	1,634	2,204
Trade and other payables	17	5,292	7,119
Total current liabilities		**6,926**	**9,323**
Total liabilities		**18,277**	**17,830**
Total equity and liabilities		**50,728**	**57,566**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2021

The notes on pages 34 to 79 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 28 April 2022. They were signed on its behalf by:

James van den Bergh
Chief Executive Officer

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Investments in subsidiaries	12	30,189	30,189
Amounts owed by group undertakings		46,919	47,066
Total non-current assets		**77,108**	**77,255**
Current assets			
Cash and cash equivalents		786	578
Trade and other receivables	14	144	658
Total current assets		**930**	**1,236**
Total assets		**78,038**	**78,491**
Equity and liabilities			
Equity			
Issued share capital	15	73,548	73,548
Retained earnings		(5,504)	(5,165)
Other reserves		8,966	8,966
Total equity		**77,010**	**77,349**
Liabilities			
Current liabilities			
Trade and other payables	17	1,028	1,142
Total current liabilities		**1,028**	**1,142**
Total liabilities		**1,028**	**1,142**
Total equity and liabilities		**78,038**	**78,491**

The notes on pages 34 to 79 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 28 April 2022. They were signed on its behalf by:

James van den Bergh
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	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 2021	**73,548**	**(10,730)**	**45**	**(24,395)**	**38,468**	**1,268**	**39,736**
Loss for the year	–	(7,071)	–	–	(7,071)	(365)	(7,436)
Other comprehensive income for the year	–	–	(41)	–	(41)	2	(39)
Total comprehensive loss for the year	**–**	**(7,071)**	**(41)**	**–**	**(7,112)**	**(363)**	**(7,475)**
Share based payment	–	70	–	–	70	–	70
Adjustment arising from change in non-controlling interest	–	4	–	–	4	(4)	–
Issuance of subsidiary shares to employees	–	–	–	–	–	19	19
Intragroup transfer of subsidiary	–	–	–	2	2	–	2
Issuance of shares by subsidiary	–	(4)	–	–	(4)	103	99
Balance at 31 December 2021	**73,548**	**(17,731)**	**4**	**(24,393)**	**31,428**	**1,023**	**32,451**
Balance at 1 January 2020	**73,548**	**(63)**	**(40)**	**(24,395)**	**49,050**	**1,293**	**50,343**
Loss for the year	–	(10,971)	–	–	(10,971)	(432)	(11,403)
Other comprehensive income for the year	–	–	85	–	85	–	85
Total comprehensive loss for the year	**–**	**(10,971)**	**85**	**–**	**(10,886)**	**(432)**	**(11,318)**
Share based payment	–	545	–	–	545	–	545
Issuance of subsidiary shares to employees	–	(322)	–	–	(322)	488	166
Adjustment arising from change in non-controlling interest	–	81	–	–	81	(81)	–
Balance at 31 December 2020	**73,548**	**(10,730)**	**45**	**(24,395)**	**38,468**	**1,268**	**39,736**

The notes on pages 35 to 84 are an integral part of these financial statements

Share capital

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

Retained earnings

The retained earnings reserve represents cumulative net gains and losses.

Foreign exchange reserve

The foreign exchange reserve represents exchange differences which arise on consolidation from the translation of the financial statements of foreign subsidiaries.

Other reserves

Other reserves consist of the merger reserve and the share revaluation reserve.

The merger reserve arose as a result of combining businesses that are under common control. As at 31 December 2021 it was a debit balance of £33,358,000 (2020: £33,360,000)

The share revaluation reserve arose from the share cancellation that took place in February 2018. As at 31 December 2021 its balance was £8,966,000 (2020: £8,966,000).

Non-Controlling Interest

The non-controlling interest relates to the minority interest held in Bandana Media Limited, Playstack OY, Vertus Capital Limited, Vertus SPV1 Limited, Satago Financial Solutions Limited, Satago SPV1 Limited, Satago SPV2 Limited, Altlending Limited and Satago z.o.o.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2021	**73,548**	**(5,165)**	**8,966**	**77,349**
Total comprehensive loss for the year	–	(409)	–	(409)
Share based payment	–	70	–	70
Balance at 31 December 2021	**73,548**	**(5,504)**	**8,966**	**77,010**
Balance at 1 January 2020	**73,548**	**(5,006)**	**8,966**	**77,508**
Total comprehensive loss for the year	–	(704)	–	(704)
Share based payment	–	545	–	545
Balance at 31 December 2020	**73,548**	**(5,165)**	**8,966**	**77,349**

The notes on pages 34 to 79 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

		2021 £'000	2020 £'000
Cash flows from operating activities			
Loss before tax		(8,422)	(8,927)
Adjustments for			
Depreciation of property, plant and equipment		96	128
Amortisation of intangible assets		1,571	1,209
Share based payments		70	545
Decrease in provision		–	(700)
Finance costs		656	412
Impairment of intangible assets		–	222
Share of profit from associate		(3)	–
Loss on disposal of Fixed Assets		2	–
Loss on intragroup transfer of subsidiary		2	–
		(6,028)	**(7,111)**
Working capital adjustments			
Movement in Loans and advances		(1,472)	13,045
(Increase)/decrease in trade and other receivables		(720)	30
(Decrease)/increase in trade and other payables		(1,831)	2,384
		(4,023)	**15,459**
Tax paid		(2)	(17)
Interest and finance costs paid		(716)	(276)
Net cash (used in)/from operating activities		**(10,769)**	**8,055**
Cash flows from investing activities:			
Additions to intangible assets		(1,779)	(1,905)
Additions to property, plant and equipment		(24)	(31)
Net cash used in investing activities		**(1,803)**	**(1,936)**
Cash flows from financing activities:			
Issue of ordinary share capital of subsidiary		148	166
New borrowings	16	2,353	4,382
Net cash generated from financing activities		**2,501**	**4,548**
Net (decrease)/increase in cash and cash equivalents		**(10,071)**	**10,667**
Cash and cash equivalents at beginning of the year		17,728	6,971
Effect of foreign exchange rate changes		(49)	90
Cash and cash equivalents at end of the year		**7,608**	**17,728**

All cash and cash equivalents are cash at bank.

The notes on pages 34 to 79 are an integral part of these financial statements

COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Loss before income tax	(409)	(704)
Adjustments for:		
Depreciation of property, plant and equipment	–	1
Interest income	(2,008)	(2,073)
Share based payments	70	545
Decrease in provision	–	(700)
	(2,347)	**(2,931)**
Working capital adjustments		
Decrease/(increase) in trade and other receivables	513	(369)
Decrease in trade and other payables	(114)	(304)
	399	**(673)**
Net cash generated used in operating activities	**(1,948)**	**(3,604)**
Cash flows from investing activities		
Cash received on intragroup loans	2,156	3,998
Net cash generated from investing activities	**2,156**	**3,998**
Net increase in cash and cash equivalents	**208**	**394**
Cash and cash equivalents at beginning of the year	578	184
Cash and cash equivalents at end of the year	**786**	**578**

All cash and cash equivalents are cash at bank.

The notes on pages 34 to 79 are an integral part of these financial statements.

Statutory information

TruFin plc is a Company registered in Jersey and incorporated under Companies (Jersey) Law 1991. The Company's ordinary shares were listed on the Alternative Investment Market of the London Stock Exchange on 21 February 2018. The address of the registered office is 26 New Street, St Helier, Jersey, JE2 3RA.

1. Accounting policies

General information

The TruFin Group (the "Group") is the consolidation of TruFin plc and the companies set out in the "Basis of consolidation" (below).

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.

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Prior to 29 November 2017 and before the incorporation of TruFin plc and TruFin Holdings, the entities named above were under common control and therefore, have been accounted for as a common control transaction – that is a business combination in which all the combining entities or businesses are ultimately controlled by the same company both before and after the combination. IFRS 3 provides no specific guidance on accounting for entities under common control and therefore other relevant standards have been considered. These standards refer to pooling of assets and merger accounting and this is the methodology that has been used to consolidate the Group.

After 29 December 2017, post the reorganisation, the entities constitute a legal group and accordingly the consolidated financial statements have been prepared by applying relevant principles underlying the consolidation procedures of IFRS.

Basis of preparation

The results of the Group companies have been included in the consolidated statement of comprehensive income. Where necessary, adjustments have been made to the underlying financial information of the companies to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The consolidated financial statements contained in this document consolidates the statements of total comprehensive income, statements of financial position, cash flow statements, statements of changes in equity and related notes for each of the companies listed in the "Basis of consolidation" below, which have been prepared in accordance with IFRS.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Basis of consolidation

The consolidated financial statements include all of the companies controlled by the Group, which are as follows:

Entities	Country of incorporation	Registered address	Nature of the business	% voting rights and shares held
TruFin Holdings Limited ("THL")	Jersey	26 New Street, St Helier, Jersey JE2 3RA	Holding Company	100% of ordinary shares
Satago Financial Solutions Limited ("Satago")	UK	48 Warwick Street, London, United Kingdom, W1B 5AW	Provision of short term finance	85.1% of ordinary shares*
Satago SPV 1 Limited ("Satago SPV 1")	UK	48 Warwick Street, London, United Kingdom, W1B 5AW	Provision of short term finance	85.1% of ordinary shares*
Satago SPV 2 Limited ("Satago SPV 2")	UK	48 Warwick Street, London, United Kingdom, W1B 5AW	Provision of short term finance	85.1% of ordinary shares*
Satago z.o.o (Satago Poland)	Poland	32-023 Krakow ul. Sw. Krzyza 19/6 Poland	Provision of short term finance	85.1% of ordinary shares*
Oxygen Finance Group Limited ("OFGL") (together with OFL and OFAI) ("Oxygen")	UK	1st Floor Enterprise House, 115 Edmund Street, Birmingham, United Kingdom, B3 2HJ	Holding Company	88.4% of ordinary shares**
Oxygen Finance Limited ("OFL")	UK	1st Floor Enterprise House, 115 Edmund Street, Birmingham, United Kingdom, B3 2HJ	Provision of early payment services	88.4% of ordinary shares**
Oxygen Finance Americas, Inc ("OFAI")	USA	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, USA	Provision of early payment services	88.4% of ordinary shares**
Porge Ltd ("Porge") ***	UK	Cathedral Place, 42-44 Waterloo Street, Birmingham, United Kingdom, B2 5QB	Provision of market research information.	84.4% of ordinary shares**
TruFin Software Limited ("TSL")	UK	48 Warwick Street, London, United Kingdom, W1B 5AW	Provision of technology services	100% of ordinary shares
AltLending UK Limited ("AltLending")	UK	48 Warwick Street, London, United Kingdom, W1B 5AW	Provision of short term finance	100% of ordinary shares*
Vertus Capital Limited ("Vertus Capital") (together with Vertus SPV 1 Limited) ("Vertus")	UK	Building 1 Chalfont Park, Gerrards Cross, United Kingdom, SL9 0BG	Provision of short term finance	54% of ordinary shares
Vertus Capital SPV 1 Limited ("Vertus SPV 1")	UK	Building 1 Chalfont Park, Gerrards Cross, United Kingdom, SL9 0BG	Provision of short term finance	54% of ordinary shares
Playstack Limited ("Playstack")****	UK	56a Poland Street, London United Kingdom, W1F 7NN	Publishing of computer games	100% of ordinary shares
Bandana Media Limited ("Bandana")****	UK	56a Poland Street, London United Kingdom, W1F 7NN	Publishing of computer games	72% of ordinary shares
PlayIgnite Ltd ("PlayIgnite")****	UK	56a Poland Street, London United Kingdom, W1F 7NN	Business and domestic software developer	100% of ordinary shares
Playstack z.o.o ("PS Poland") ****	Poland	Kamienna 21, 31-403 Krakow, Poland	Publishing activities in the field of computer games	100% of ordinary shares
Playstack OY ("PS Finland")****	Finland	Mikonkatu 17 B, 00100 Helsinki, Finland	Publishing activities in the field of computer games	75% of ordinary shares
Playstack AB ("PS Sweden")****	Sweden	Solbergavägen 17, 17998 Färentuna, Sweden	Developing, publishing and selling electronic games	100% of ordinary shares – (80% until 8 October 2020)
Playstack Inc ("Playstack USA")****	USA	Gust Delaware, 16192 Coastal Hwy, Lewes, DE 19958	Publishing of computer games	100% of ordinary shares
PlayIgnite Inc ("PlayIgnite USA")****	USA	Cogency Global Inc, 850 New Burton Road, Suite 201, Dover DE 19904	Business and domestic software developer	100% of ordinary shares

* Following the grant of the Satago Management Incentive Plan ("Satago MIP"), the effective economic ownership of these companies is 94.1% based on their Statements of Financial Position at the Reporting Date.

** Nominal ownership of these companies is 88.4% due to the Oxygen Management Incentive Plan ("Oxygen MIP"). Effective economic ownership is 100% based on their Statements of Financial Position at the Reporting Date.

*** On 22 March 2022, Porge was dissolved.

**** The Playstack Group includes 4 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
- A 27% interest in Storm Chaser Games Limited ("Storm Chaser Games")

Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been applied consistently to all the financial periods presented.

The consolidated financial statements have been prepared in accordance with European Union Endorsed International Financial Reporting Standards (IFRSs) and the IFRS Interpretations Committee (formerly the International Financial Reporting Interpretations Committee (IFRIC)) interpretations. These statements have been prepared on a going concern basis and under the historical cost convention except for the treatment of certain financial instruments.

Going concern

The Group's forecasts and projections, taking into account reasonable possible changes in trading performance, show that the Group should be able to operate in the foreseeable future. As a consequence, and following the fundraise post year end of c.£10m, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing these financial statements. This assessment takes into consideration the potential uncertainties arising from Covid-19 mentioned earlier in the report.

Revenue recognition

Net revenue

Interest income and expense

Interest income and expense for all financial instruments except for those classified as held for trading or measured or designated as at Fair Value Through Profit and Loss ("FVTPL") are recognised in "Net revenue" as "Interest income" and "Interest, fee and publishing expenses" in the profit or loss account using the effective interest method.

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

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

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

For credit-impaired financial assets, as defined in the financial instruments accounting policy, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets, that is, to the gross carrying amount less the allowance for Expected Credit Losses ("ECLs").

Fee income

Fee income for the Group is earned from payments services fees provided by Oxygen and subscription fees from Porge and Satago.

Payment services provided by Oxygen comprises the following elements:

Early Payment Programme Services ("EPPS") contracts

Oxygen's EPPS generate rebates (i.e. discounts on invoice value) for its clients by facilitating the early payment of supplier invoices. Oxygen's single performance obligation is to make its intellectual property and software platform available to its clients for the duration of their contracts.

Oxygen bills its clients monthly for a contractually agreed share of supplier rebates generated by their respective Early Payment Programmes during the previous month. This revenue is recognised in the month the rebates are generated.

Implementation fees

Oxygen Implementation fees

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

Satago Implementation fees

Implementation fees have also been recognised by Satago in full on the signing of new contracts with partners.

Consultancy fees

Oxygen provides stand-alone advisory services to clients. Revenue is accrued as the underlying services are provided to the client.

Subscription fees

Insight services subscription fees

The Insight Services offered by OFL (previously within Porge) provide focussed public sector procurement data and analytics on a subscription basis. Clients cover both the Private sector, enabling them to improve and develop their engagement with the public sector, and Public sector organisations, enabling them to make more informed procurement decisions. Subscriptions are typically received in advance and recognised over the length of the contract as access to the database is provided.

Satago subscription fees

These are monthly fees for access to Satago's platform. Subscriptions are received in advance and recognised during the month the subscription relates to.

Fee expenses

Fee expenses are directly attributable costs, associated with the Oxygen's EPPS. The expenses include amortisation arising from capitalised contract costs incurred directly through activities which generate fee income. Amortisation arising from other intangible assets is recognised in depreciation and amortisation of non-financial assets before operating profit/loss.

Publishing income

Publishing income for the Group is earned by companies in the Playstack Group and comprises the following elements. Publishing income is recognised at the fair value of consideration received or receivable for goods and services provided and is shown net of VAT and any other sales taxes. The fair value takes into account any trade or volume discounts and commission retained.

In App Purchases (IAP) revenue

IAP revenue is earned on the sale of mobile games and features within those games. It is recognised when the game or feature is sold.

Advertising revenue

Advertising revenue is earnings from featuring third party advertising within mobile games. It is recognised when these advertisements are featured within the games.

Console revenue

Console revenue is earned on the sale of video games for consoles. It is recognised when the game is sold.

Brand revenue

Brand revenue is when a mobile game player signs up to an advertised brand in a mobile game. Revenue is recognised when the brand has confirmed acquisition of the customer.

Publishing expenses

Publishing expenses are directly attributable costs, associated with the Playstack Group's publishing income. These costs are included at their invoiced value and are net of VAT and any other sales tax.

Operating profit/loss

Operating profit/loss is net interest and fee income less staff costs, depreciation and amortisation, impairment loss on financial assets and other operating expenses.

Foreign currencies

The results and financial position of each group company are expressed in Pounds Sterling, which is the functional currency of the UK based members of the Group and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income.

In preparing the consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at the exchange rate at the reporting date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, are recognised in other comprehensive income and are accumulated in the Foreign exchange reserve equity section.

Property, plant and equipment

All property, plant and equipment is stated at historical cost (or deemed historical cost) less accumulated depreciation and less any identified impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value on a straight line basis at the following annual rates:

Leasehold improvements	–	5 years
Fixtures and fittings	–	3 years
Computer equipment	–	3 -5 years

Useful economic lives and estimated residual values are reviewed annually and adjusted as appropriate.

Intangible assets

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

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

Computer software

Computer software which has been purchased by the Group from third party vendors is measured at initial cost less accumulated amortisation and less accumulated impairments.

Computer software also comprises internally developed platforms and the costs directly associated with the production of these identifiable and unique software products controlled by the Group. They are probable of producing future economic benefits. They primarily include employee costs and directly attributable overheads.

Internally generated intangible assets are only recognised by the Group when the recognition criteria have been met in accordance with IAS 38: Intangible Assets as follows:

- expenditure can be reliably measured;
- the product or process is technically and commercially feasible;
- future economic benefits are likely to be received;
- intention and ability to complete the development; and
- view to either use or sell the asset in the future.

The Group will only recognise an internally-generated asset should it meet all the above criteria. In the event of a development not meeting the criteria it will be recognised within the statement of profit or loss in the period incurred.

Capitalised costs include all directly attributable costs to the development of the asset. Internally generated assets are measured at capitalised cost less accumulated amortisation less accumulated impairment losses. The internally generated asset is amortised at the point the asset is available for use or sale. The asset is amortised on a straight-line basis over the useful economic life with the remaining useful economic life and residual value being assessed annually.

Any subsequent expenditure on the internally generated asset is only capitalised if the cost increases the future economic benefits of the related asset. Otherwise all additional expenditure should be recognised through the statement of profit or loss in the period it occurs.

Contract assets

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

Amortisation is charged to the statement of comprehensive income over the estimated useful lives of intangible assets from the date they are available for use, on a straight-line basis. The amortisation basis adopted for each class of intangible asset reflects the Group's consumption of the economic benefit from that asset.

Estimated useful lives

The estimated useful lives of finite intangible assets are as follows:

Computer software	–	3 -5 years
Contract assets	–	Life of underlying contract (typically 5 years)

Goodwill

Goodwill arising on acquisition represents the excess cost of a business combination over the fair values of the Group's share of the identifiable assets and liabilities at the date of the acquisition. When part of the consideration transferred by the Group is deferred or contingent, this is valued at its acquisition date fair value, and is included in the consideration transferred in a business combination. Changes in the deferred or contingent consideration, which occur in the measurement period, are adjusted retrospectively, with corresponding adjustments to goodwill.

Goodwill is not amortised but is reviewed at least annually for impairment. For the purpose of impairment testing, goodwill is allocated to each Cash Generating Unit ("CGU"). Each CGU is consistent with the Group's primary reporting segment. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Assets classified as held for sale

Whilst assessing whether any assets should be classified as held for sale, the management of the Group ensure that the status of the asset satisfies all of the following criteria as set out within IFRS 5:

- the carrying amount of the asset will be recovered principally through a sale transaction rather than through continuing use;
- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- its sale must be highly probable and within one year from the date of classification;
- management must be committed to a plan to sell the asset; and
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value.

In the event an asset satisfies the criteria, prior to reclassification the asset should be valued in accordance with IFRS accounting standards applicable to the asset in question.

At initial recognition the asset is measured at the lower of carrying amount and fair value less costs to sell. Any unrealised gains or losses are recognised in the profit and loss account.

Financial instruments

Initial recognition

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are respectively added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Classification and reclassification of financial assets

Recognised financial assets within the scope of IFRS 9 are required to be classified as subsequently measured at amortised cost, FVTOCI or FVTPL on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are reclassified if and only if, the business model under which they are held is changed. There has been no such change in the allocation of assets to business models in the periods under review.

Loans and advances

Loans and advances are held within a business model whose objective is to hold those financial assets in order to collect contractual cash flows. The contractual terms of the loan agreements give rise on specified dates to cash flows that are solely payments of principal and interest or fees on the principal amount outstanding.

After initial measurement, loans and advance to customers are subsequently measured at amortised cost using the Effective Interest Rate method (EIR) less impairment. Amortised cost is calculated by taking into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest and similar income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income and disclosed with any other similar losses within the line item "Net impairment losses on financial assets".

Where cash flows are significantly different from the original expectations used to determine EIR, but where this difference does not arise from a modification of the terms of the financial instrument, the Group revises its estimates of receipts and adjusts the gross carrying amount of the financial asset to reflect actual and revised estimated contractual cash flows. The Group recalculates the gross carrying amount of the financial asset as the present value of the estimated future contractual cash flows discounted at the financial instrument's original EIR. The adjustment is recognised in statement of comprehensive income as income or expense.

Trade and other receivables

Trade receivables do not contain any significant financing component and accordingly are recognised initially at transaction price, and subsequently measured at cost less expected credit losses.

Investments in equity shares

Prior to its disposal the Group's investment in the equity shares of Zopa was not held for trading. The Group made an irrevocable election to classify and subsequently measure the investment at FVTOCI. Movements in the fair value of the investment were recognised in the statement of other comprehensive income and were not reclassified to profit on loss on derecognition.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the Company's financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment

The Group (and Company) recognises loss allowances for Expected Credit Losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- Loans and advances;
- Other receivables;
- Trade receivables; and
- Intercompany receivables

ECLs are measured through loss allowances calculated on the following bases:

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of future economic scenarios, discounted at the asset's EIR within the current performing book.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar credit risk characteristics. The loss allowance is measured as the present value of the difference between the contractual cash flows and cash flows that the Group expects to receive using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

A financial asset that gives rise to credit risk, is referred to (and analysed in the notes to this financial information) as being in "Stage 1" provided that since initial recognition (or since the previous reporting date) there has not been a significant increase in credit risk, nor has it has become credit impaired.

For a Stage 1 asset, the loss allowance is the "12-month ECL", that is, the ECL that results from those default events on the financial instrument that are possible within 12 months from the reporting date.

A financial asset that gives rise to credit risk is referred to (and analysed in the notes to this financial information) as being in "Stage 2" if since initial recognition there has been a significant increase in credit risk but it is not credit impaired.

For a Stage 2 asset, the loss allowance is the "lifetime ECL", that is, the ECL that results from all possible default events over the life of the financial instrument.

A financial asset that gives rise to credit risk is referred to (and analysed in the notes to this financial information) as being in "Stage 3" if since initial recognition it has become credit impaired.

For a Stage 3 asset, the loss allowance is the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original EIR. Further, the recognition of interest income is calculated on the carrying amount net of impairment rather than the gross carrying amount as for stage 1 and stage 2 assets.

If circumstances change sufficiently at subsequent reporting dates, an asset is referred to by its newly appropriate Stage and is re-analysed in the notes to the financial information.

Where an asset is expected to mature in 12 months or less, the "12 month ECL" and the "lifetime ECL" have the same effective meaning and accordingly for such assets the calculated loss allowance will be the same whether such an asset is at Stage 1 or Stage 2. However, the Group monitors significant increase in credit risk for all assets so that it can accurately disclose Stage 1 and Stage 2 assets at each reporting date.

Lifetime ECLs are recognised for all trade receivables using the simplified approach.

Significant increase in credit risk – policies and procedures for identifying Stage 2 assets

The Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition in order to determine whether credit risk has increased significantly.

See note 18 for further details about how the Group assesses increases in significant credit risk.

Definition of a default

Critical to the determination of significant increases in credit risk (and to the determination of ECLs) is the definition of default. Default is a component of the Probability of Default ("PD"), changes in which lead to the identification of a significant increase in credit risk and PD is then a factor in the measurement of ECLs.

The Group's definition of default for this purpose is:

- a counterparty defaults on a payment due under a loan agreement and that payment is more than 90 days overdue, or
- within the core invoice finance proposition, where one or more individual finance repayments are beyond 90 days overdue, management judgement is applied in considering default status of the client.
- the collateral that secures, all or in part, the loan agreement has been sold or is otherwise not available for sale and the proceeds have not been paid to the lending company; or
- a counterparty commits an event of default under the terms and conditions of the loan agreement which leads the lending company to believe that the borrower's ability to meet its credit obligations to the lending company is in doubt.

The definition of default is similarly critical in the determination of whether an asset is credit-impaired (as explained below).

Credit-impaired financial assets – policies and procedures for identifying Stage 3 assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. IFRS 9 states that evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower;
- A breach of contract such as a default (as defined above) or past due event, or
- The Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the Group would not otherwise consider.

The Group assesses whether debt instruments that are financial assets measured at amortised cost or at FVTOCI are credit-impaired at each reporting date. When assessing whether there is evidence of credit-impairment, the Group takes into account both qualitative and quantitative indicators relating to both the borrower and to the asset. The information assessed depends on the borrower and the type of the asset. It may not be possible to identify a single discrete event – instead, the combined effect of several events may have caused financial assets to become credit-impaired.

See note 18 for further details about how the Group identifies credit-impaired assets.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- For loan commitments: as a provision; and
- For debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment revaluation reserve.

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing a financial asset are renegotiated without the original contract being replaced and derecognised and:

- The gross carrying amount of the asset is recalculated and a modification gain or loss is recognised in profit or loss;
- Any fees charged are added to the asset and amortised over the new expected life of the asset; and
- The asset is individually assessed to determine whether there has been a significant increase in credit risk.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The Group also derecognises the assets if it has both transferred the asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Write offs

Loans and advances are written off when the Group has no reasonable expectation of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Debt securities

Debt securities are financial assets that are not held for trading and are intended to be held within a business model to collect contractual cash flows or sell. These are initially measured at fair value plus transaction costs that are directly attributable to the financial asset. Subsequently changes in the fair value are recognised in other comprehensive income except for interest calculated at the asset's EIR, foreign exchange and impairment gains and losses.

Financial liabilities

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a non-derivative contract that will or may be settled in a variable number of the Group's own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as at the proceeds received, net of direct issue costs. Distributions on equity instruments are recognised directly in equity.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at Fair Value through Profit or Loss

Financial liabilities at FVTPL may include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

During the period under review the Group has held no financial liabilities for trading, nor designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Other financial liabilities

Interest bearing borrowings are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in “Interest and fee expenses” in the profit and loss account.

Derecognition of financial liabilities

The Group derecognises financial liabilities when and only when, the Group’s obligations are discharged, cancelled or they expire.

Impairment of non-financial assets

The carrying amounts of the entity’s non-financial assets, other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the Cash-Generating Unit or “CGU”).

Contract assets are reviewed for impairment based on the performance of the underlying contract.

Goodwill is tested annually for impairment in accordance with IFRS. The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to CGU that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if the acquired entity has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of other assets in the unit (or group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply. An impairment loss recognised for goodwill is not reversed.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Current and deferred income tax

Income tax on the result for the period comprises current and deferred income tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Employee benefits – pension costs

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have a legal or constructive obligation to pay further amounts. Contributions to defined contribution schemes are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Provisions for commitments and other liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (discounted at the Group's weighted average cost of capital when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset only if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Merger reserve

Prior to 29 December 2017, the entities within the Group were held by Arrowgrass Master Fund Limited. On 29 December 2017, these entities were acquired by TruFin plc via TruFin Holdings Limited. The consideration provided to Arrowgrass for the companies acquired was in exchange for shares of TruFin plc based on the fair value of the underlying companies. Upon consolidation of the group, the difference between the book value of the entities and the amount of the consideration paid was accounted through a merger reserve, in accordance with relevant accounting standards relating to businesses under common control.

Investments in associates

Associates are entities in which the Group has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control. Investments in associates are accounted for under the equity method and are initially recognised at costs, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates profits or losses is recognised in the consolidated income statement. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group is obliged to make further payments to, or on behalf of the associate.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) and whose operating results are regularly reviewed by the Board of Directors in order to make decisions about resources to be allocated to that component and assess its performance and for which discrete financial information is available.

For the purposes of the financial statements, the Directors consider the Group's operations to be made up of four operating segments: the provision of short term finance, payment services, publishing and other operations.

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole.

Further details are provided in note 4.

Share based payments

Where the Group engages in share-based payment transactions in respect of services received from certain of its employees, these are accounted for as equity-settled share-based payments in accordance with IFRS 2 'Share-based payments'. The equity is in the form of ordinary shares.

The grant date fair value of a share-based payment transaction is recognised as an employee expense, with a corresponding increase in equity over the period that the employees become unconditionally entitled to the awards. In the absence of market prices, the fair value of the equity at the date of the grant is estimated using an appropriate valuation technique

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related services and non-market vesting conditions are expected to be met such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with market performance conditions the grant date fair value of the award is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Refer to note 6 for the amounts disclosed.

Leases

Leases are accounted for under IFRS 16. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. A model where a right-of-use asset and a corresponding liability are recognised for all leases by lessees (i.e. all on balance sheet) except for short term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

Government grants

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

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

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apart from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Critical accounting judgements

- Early Payment Programme Services set up costs: the Group capitalises the direct costs of implementing Early Payment Programme Services contracts for clients. These costs are essential to the satisfaction of the Group's performance obligation under that contract and accordingly the Group considers that these costs meet the applicable criteria for recognition as contract assets.

  The amount capitalised is disclosed in note 10.

- Deferred tax asset: There is inherent uncertainty in forecasting beyond the immediate future and significant judgement is required to estimate whether future taxable profits are probable in order to utilise the carried forward tax losses. Companies in the Group have carried forward losses which will be utilised against future taxable profits. However, a deferred tax asset has not been recognised for these companies, except for Vertus Capital Limited as there is uncertainty surrounding the timing of when these losses will be used.

  Refer to note 9 for more information on the deferred tax asset.

- The accounts of the trustee (the "EBT Trustee") of the Company's Employee Benefit Trust ("EBT") have not been consolidated as it is the Directors' opinion that the Company does not have control over the EBT. The EBT is a discretionary trust, which means that the EBT Trustee has discretion how to act, provided that the action taken by the EBT Trustee is considered by the EBT Trustee to be in the interest of one of more EBT beneficiaries (being employees and former employees (and certain of their relatives) of the Company and its subsidiaries.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Expected credit losses

- Where an asset has a maturity of 12 months or less, the "12 month ECL" and the "lifetime ECL" have the same effective meaning and accordingly for such assets the calculated loss allowance will be the same whether such an asset is at stage 1 or stage 2.

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon and is a key input to the ECL calculation. The Group primarily uses credit scores from credit reference agencies to calculate the PD for loans and advances. The score is a 12-month predictor of credit failure and, in the absence of internally generated loss history, the Group believes that it provides the best proxy for the credit quality of the loan portfolio.
- Exposure At Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from missed payments.
- Loss Given Default ("LGD") is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, in particular taking into account wholesale collateral values and certain buy back options.

Measurement of fair values of level 3 instruments

In estimating the fair value of a financial asset or liability, the Group uses market observable data to the extent that it is available. Where such level 1 inputs are not available, the Group uses valuation models to estimate the fair value of its financial instruments.

3. Gross revenue

Group	2021 £'000	2020 £'000
Revenue		
Interest income	1,681	2,578
Total interest income	**1,681**	**2,578**
EPPS contracts	2,536	2,243
Consultancy fees	436	288
Implementation fees*	70	301
Subscription fees	1,288	1,014
Total fee income	**4,330**	**3,846**
IAP revenue	428	410
Advertising revenue	378	410
Console revenue	6,285	7,500
Brand revenue	13	88
Total publishing income	**7,104**	**8,408**
Gross revenue	**13,115**	**14,832**

*In 2020, Implementation fees also included fees recognised by Satago in full on the signing of new contracts with partners.

Company	2021 £'000	2020 £'000
Intercompany interest income	2,008	2,073
Intercompany fee income	118	118
Other interest income	–	1
Gross revenue	**2,126**	**2,192**

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 distribution finance products and invoice discounting. 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 Oxygen.

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 TSL, THL and TruFin plc.

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

Year ended 31 December 2021	Short term finance £'000	Payment services £'000	Publishing £'000	Other £'000	Total £'000
Gross revenue	1,878	4,133	7,104	–	13,115
Cost of sales	(832)	(873)	(4,509)	–	(6,214)
Net revenue	**1,046**	**3,260**	**2,595**	**–**	**6,901**
Adjusted loss before tax*	(3,877)	(548)	(1,439)	(2,488)	(8,352)
Loss before tax	(3,877)	(548)	(1,439)	(2,558)	(8,422)
Taxation	367	175	444	–	986
Loss for the year	**(3,510)**	**(373)**	**(995)**	**(2,558)**	**(7,436)**
Total assets	24,607	8,331	16,774	1,016	50,728
Total liabilities	(13,341)	(1,747)	(2,184)	(1,005)	(18,277)
Net assets	**11,266**	**6,584**	**14,590**	**11**	**32,451**

*adjusted loss before tax excludes share-based payment expense

Year ended 31 December 2020	Short term finance £'000	Payment services £'000	Publishing £'000	Other £'000	Total £'000
Gross revenue	2,020	3,490	8,408	914	14,832
Cost of sales	(730)	(760)	(5,022)	–	(6,512)
Net revenue	**1,290**	**2,730**	**3,386**	**914**	**8,320**
Adjusted loss before tax*	(3,318)	(1,111)	(2,458)	(1,495)	(8,382)
Loss before tax	(3,318)	(1,111)	(2,458)	(2,040)	(8,927)
Taxation	42	(2,504)	(14)	–	2,476
Loss for the year	**(3,276)**	**(3,615)**	**(2,472)**	**(2,040)**	**(11,403)**
Total assets	22,798	7,430	17,765	9,573	57,566
Total liabilities	(11,276)	(1,858)	(3,559)	(1,137)	(17,830)
Net assets	**11,522**	**5,572**	**14,206**	**8,436**	**39,736**

5. Staff costs

Analysis of staff costs:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	9,011	9,311	1,440	1,327
Consulting costs	395	313	19	–
Social security costs	1,409	1,019	355	22
Pension costs arising on defined contribution schemes	428	442	27	26
Share based payment	70	545	70	545
Government grants	(28)	(98)	–	–
	11,285	**11,532**	**1,911**	**1,920**

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:

	2021 Number	2020 Number
Management	16	17
Finance	7	8
Sales & marketing	23	33
Operations	36	37
Technology	54	54
	136	**149**

Directors' emoluments

The number of directors who received share options during the year was as follows:

	2021 Number	2020 Number
Long term incentive schemes	–	–

There were no directors who exercised share options during the year.

The directors' aggregate emoluments in respect of qualifying services were:

	Salary £'000	Bonus £'000	Pension and Benefits £'000	2021 Total £'000	2020 Total £'000
Executive Directors:					
J v d Bergh	256	200	9	465	735
S H Kenner*	–	–	–	–	97
	256	**200**	**9**	**465**	**832**

* S H Kenner left the Group in June 2020

	Salary	Bonus	Pension and Benefits	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000
Non-executive Directors:					
S Baldwin	100	–	–	100	85
P Judd	70	–	–	70	65
P Dentskevich	50	–	–	50	50
	220	–	–	220	200

Key management

The Directors consider that key management personnel include the Executive Director of TruFin plc. This individual has the authority and responsibility for planning, directing and controlling the activities of the Group.

6. Employee share-based payment transactions

The employment share-based payment charge comprises:

	2021 £'000	2020 £'000
Performance Share Plan and Joint Share Ownership Plan Founder Award	59	465
Performance Share Plan Market Value Award	11	80
Performance Share Plan 2019 Award	–	–
Performance Share Plan 2018 Award	–	–
Total	70	545

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

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") 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 Employers 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.

The second 25% of Founder Awards held by James van den Bergh vested on 21 February 2020 when the share price was £0.26. As a result, 395,560 shares subject to the Join Share Ownership Plan became fully owned by EBT and James' nil cost option under the Performance Share Plan vested in respect of the same number of shares.

On 27 November 2020, Henry Kenner exercised his nil cost option under the Performance Share Plan which resulted in 1,807,217 shares being transferred from the EBT to Henry Kenner on 22 December 2020. This gave rise to an Employer's National Insurance liability of £82,000 which was paid in January 2021.

The third 25% of Founder Awards held by James van den Bergh vested on 21 February 2021 when the share price was £0.68. As a result, 395,560 shares subject to the Join Share Ownership Plan became fully owned by EBT and James' nil cost option under the Performance Share Plan vested in respect of the same number of shares.

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

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 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 Award")

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 shares, but the performance condition now relates solely to the business of Oxygen

In 2019, 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 31 December 2021 was deemed to be nil as it is highly improbable that the vesting conditions will be met.

Performance Share Plan 2019 Award ("PSP 2019 Award")

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 31 December 2021 was deemed to be nil as it is highly improbable that the vesting conditions will be met.

Details of share based awards during the year:

	JSOP Founder Award*	PSP Founder Award*	PSP Market Value
Type of instrument granted	**Shares (#)**	**Options (#)**	**Options (#)**
Outstanding at 1 January 2021	791,118	1,566,255	4,868,420
Granted during the year	–	–	–
Vested during the year	(395,560)	–	–
Exercised during the year	–	–	–
Outstanding at 31 December 2021	**359,558**	**1,566,255**	**4,868,420**
Exercisable at 31 December 2021		**1,170,697**	**–**

*The JSOP Founder Awards and PSP Founder Awards will together deliver, in aggregate, a maximum of 3,407,895 TruFin shares.

	PSP 2018	PSP 2019
Type of instrument granted	**Options (#)**	**Options (#)**
Outstanding at 1 January 2021	263,158	320,000
Granted during the year	–	–
Vested during the year	–	–
Exercised during the year	–	–
Cancelled during the year	–	–
Outstanding at 31 December 2021	**263,158**	**320,000**
Exercisable at 31 December 2021	**–**	**–**

No options expired during the year.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2021 was 6.21 years (2020: 7.21 years).

7. Net impairment loss on financial assets

	2021 £'000	2020 £'000
At 1 January	10	123
Charge for impairment loss	(10)	(11)
Amounts written off in the year	8	(102)
Amounts recovered in the year	(4)	–
At 31 December	**4**	**10**

At 31 December 2021, the Group had an impairment balance of £4,000 which was allocated against loans and advances. At 31 December 2020, all of the impairment balance was allocated against loans and advances.

The net impairment charge on financial assets during the year ended 31 December 2021 all related to loans and advances.

The net impairment charge on financial assets during the year ended 31 December 2020 all related to loans and advances.

8. Loss before income tax

Loss before income tax is stated after charging:

	2021 £'000	2020 £'000
Depreciation of property, plant and equipment	96	128
Amortisation of intangible assets	1,571	1,209
Staff costs including share based payments charge	11,285	11,532

Fees payable to the Group's auditor (Crowe U.K. LLP)	2021 £'000	2020 £'000
Fees payable for the audit of the company's annual accounts	45	44
Fees payable for the audit of the company's subsidiaries	84	83
Total audit fees	**129**	**127**
Non audit services		
Other assurance services	13	12
Total non-audit fees	**13**	**12**

9. Taxation

Analysis of tax charge recognised in the period

	2021 £'000	2020 £'000
Current tax (credit)/charge	(726)	16
Deferred tax (credit)/charge	(260)	2,460
Total tax (credit)/charge	**(986)**	**2,476**

Reconciliation of loss before tax to total tax credit recognised

Group	2021 £'000	2020 £'000
Loss before tax	(8,422)	(8,927)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(1,600)	(1,696)
Tax effect of:		
Expenses not deductible	(223)	161
Depreciation in excess of capital allowances	395	132
Capital allowances	(187)	(57)
Other short term timing differences	(5)	(129)
R&D tax credit	(733)	–
Deferred tax not recognised	1,367	4,064
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	1
Total tax charge	**(986)**	**2,476**

Company	2021 £'000	2020 £'000
Loss before tax	(409)	(704)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(78)	(134)
Tax effect of:		
Expenses not deductible	32	169
Other short term timing differences	–	(133)
Deferred tax not recognised	46	98
Total tax charge	**–**	**–**

The UK Government enacted changes to the UK tax rate in 2020, resulting in the rate remaining at 19% (instead of the previously intended reduction from 19% to 17% from 1 April 2020). In the Finance Bill 2021, the UK chancellor announced that legislation would be proposed to increase the main rate of corporation tax to 25% from 1 April 2023, and this was substantively enacted on 24 May 2021.

The deferred tax assets and liabilities at 31 December 2021 have been based on the rates substantively enacted at the reporting date.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Deferred tax asset

Group	2021 £'000	2020 £'000
Balance at start of the year	43	2,503
Credit/(charge) to the statement of comprehensive income	260	(2,460)
Balance at end of the year	303	43
Comprised of:		
Losses	303	43
Total deferred tax asset	303	43

A deferred tax asset from losses in Vertus Capital Limited was recognised, to be used against profits in Vertus Capital SPV 1, which became profitable in the prior year. Unutilised tax losses in the remainder of the Group as at the reporting date were £77,124,000 (2020:£69,496,000)

10. Intangible assets

Group	Client contracts £'000	Software licenses and similar assets £'000	Separately identifiable intangible Assets £'000	Goodwill £'000	Total £'000
Cost					
At 1 January 2021	4,689	1,834	1,642	15,796	23,961
Additions	1,056	757	–	(50)	1,763
Disposals	(256)	–	–	–	(256)
Exchange differences	1	(12)	–	–	(11)
At 31 December 2021	5,490	2,579	1,642	15,746	25,457
Amortisation					
At 1 January 2021	(956)	(814)	(742)	–	(2,512)
Charge	(873)	(370)	(328)	–	(1,571)
Disposals	222	–	–	–	222
Exchange differences	–	3	–	–	3
At 31 December 2021	(1,607)	(1,181)	(1,070)	–	(3,858)
Accumulated impairment losses					
At 1 January 2021	(408)	–	–	–	(408)
At 31 December 2021	(408)	–	–	–	(408)
Net book value					
At 31 December 2021	3,475	1,398	572	15,746	21,191
At 31 December 2020	3,325	1,020	900	15,796	21,041

Group	Client contracts £'000	Software licenses and similar assets £'000	Separately identifiable intangible Assets £'000	Goodwill £'000	Total £'000
Cost					
At 1 January 2020	3,574	1,109	1,642	15,796	22,121
Additions	1,180	725	–	–	1,905
Disposals	(61)	–	–	–	(61)
Exchange differences	(4)	–	–	–	(4)
At 31 December 2020	4,689	1,834	1,642	15,796	23,961
Amortisation					
At 1 January 2020	(479)	(471)	(414)	–	(1,364)
Charge	(538)	(343)	(328)	–	(1,209)
Disposals	61	–	–	–	61
At 31 December 2020	(956)	(814)	(742)	–	(2,512)
Accumulated impairment losses					
At 1 January 2020	(186)	–	–	–	(186)
Charge	(222)	–	–	–	(222)
At 31 December 2020	(408)	–	–	–	(408)
Net book value					
At 31 December 2020	3,325	1,020	900	15,796	21,041
At 31 December 2019	2,909	638	1,228	15,796	20,571

The Company had no intangibles assets at the year end.

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.

The Group performed an impairment review at 31 December 2021 and there was no impairment in relation to underperforming contracts.

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.

The Group performed an impairment review at 31 December 2021 and concluded no impairment was required.

The 'Software, licenses and similar assets' net book value balance related to internally generated intangible assets at 31 December 2021 was £1,398,000 (2020: £1,020,000). This consists of cost of £2,579,000 (2020: £1,834,000) and accumulated amortisation of £1,181,000 (2020: £814,000). During the year there were additions of £757,000 (2020: £725,000) and amortisation of £370,000 (2020: £343,000).

Goodwill and "Separately identifiable intangible assets" arise from acquisitions made by the Group.

Porge (now Insight Services within OFL)

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

On 31 August 2020, OFL purchased the Trade and Assets of Porge. The purchase price was set at the Net book value of the assets acquired at the time of the transaction.

Vertus

In July 2019, the Group converted into ordinary shares its existing convertible loan with Vertus Capital in full satisfaction and discharge of the loan. This, together with a further cash payment, gave the Group 51% ownership of Vertus Capital and Vertus SPV 1.

Goodwill of £1,714,000 arose from this transaction and has been included within the short term finance segment of the business. Separately identifiable intangible assets of £255,000 primarily related to the value of existing third party relationships on acquisition have been identified. These are being amortised over 5 years and the amortisation charge for the year was £51,000 (2020: £51,000). Net Book value of these assets at 31 December 2021 was £132,000 (2020: £183,000).

During the year, the Group increased its ownership of Vertus Capital from 51% to 53.8%. ,This resulted in a £50,000 adjusted to Goodwill related to Vertus (excluding the assets mentioned above). Goodwill related to Vertus excluding these assets at 31 December 2021 was £1,409,000 (2020: £1,459,000)

Playstack

In September 2019, the Group converted into ordinary shares its existing convertible loans with Playstack Ltd in full satisfaction and discharge of the loans. This gave the Group ownership of Playstack Ltd and the other companies within the Playstack Group.

Goodwill of £12,965,000 arose from this transaction and has been included within the publishing segment of the business.

Impairment testing of intangibles

An impairment review of goodwill was carried out at the year end.

The insight services segment of OFL was valued using the discounted cash flow methodology. Its net earnings were forecasted to 2025, a discount rate of 12% was used and terminal growth rate of 2%. This valuation was greater than the amount of CGU and therefore the goodwill is not deemed to be impaired.

Vertus was valued using the discounted cash flow methodology. The net earnings of Vertus were forecasted to 2030, a discount rate of 12% was used and terminal growth rate of 3%. The valuation of Vertus was greater than the amount of goodwill and therefore the goodwill is not deemed to be impaired.

Playstack was valued using the discounted cash flow methodology. The net earnings of Playstack were forecasted to 2030, a discount rate of 20% was used and terminal growth rate of 3%. The valuation of Playstack was greater than the amount of goodwill and therefore the goodwill is not deemed to be impaired.

11. Property, plant and equipment

Group	Fixtures & fittings £'000	Computer equipment £'000	Right-of-Use Asset £'000	Total £'000
Cost				
At 1 January 2021	52	60	429	541
Additions	2	22	–	24
Disposals	–	(4)	–	(4)
Exchange differences	(1)	–		(1)
At 31 December 2021	**53**	**78**	**429**	**560**
Depreciation				
At 1 January 2021	(36)	(26)	(339)	(401)
Charge	(8)	(20)	(68)	(96)
Disposals	–	2	–	2
At 31 December 2021	**(44)**	**(44)**	**(407)**	**(495)**
Net book value				
At 31 December 2021	**9**	**34**	**22**	**65**
At 31 December 2020	16	34	90	140

Group	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	–	7	24	–	31
Disposals	(44)	(202)	–	–	(246)
At 31 December 2020	–	52	60	429	541
Depreciation					
At 1 January 2020	(36)	(219)	(9)	(255)	(519)
Charge	(8)	(19)	(17)	(84)	(128)
Disposals	44	202	–	–	246
At 31 December 2020	–	(36)	(26)	(339)	(401)
Net book value					
At 31 December 2020	–	16	34	90	140
At 31 December 2019	8	28	27	174	237

Company	Computer equipment £'000	Right-of-use asset £'000	Total £'000
Cost			
At 1 January 2021	3	167	170
Additions	–	–	–
At 31 December 2021	3	167	170
Depreciation			
At 1 January 2021	(3)	(167)	(170)
Charge	–	–	–
At 31 December 2021	(3)	(167)	(170)
Net book value			
At 31 December 2021	–	–	–
At 31 December 2020	–	–	–

Company	Computer equipment £'000	Right-of-use asset £'000	Total £'000
Cost			
At 1 January 2020	3	167	170
Additions	–	–	–
At 31 December 2020	**3**	**167**	**170**
Depreciation			
At 1 January 2020	(2)	(167)	(169)
Charge	(1)	–	(1)
At 31 December 2020	**(3)**	**(167)**	**(170)**
Net book value			
At 31 December 2020	**–**	**–**	**–**
At 31 December 2019	1	–	1

The Right of use assets in the Group and Company relates to leases for office buildings.

12. Investment in subsidiaries

Company	£'000
Balance at 1 January 2021 and 31 December 2021	**30,189**
Balance at 1 January 2020 and 31 December 2020	30,189

13. Loans and advances

Group	2021 £'000	2020 £'000
Total loans and advances	16,137	14,670
Less: loss allowance	(4)	(10)
	16,133	**14,660**

The aging of loans and advances are analysed as follows:

	2021 £'000	2020 £'000
Neither past due nor impaired	16,062	14,401
Past due: 0–30 days	32	254
Past due: 31–60 days	10	2
Past due: 61–90 days	28	–
Past due: more than 91 days	1	3
	16,133	**14,660**

The Company had no loans and advances at the year end (2020: £nil).

14. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade and other receivables	2,585	1,992	–	–
Prepayments	467	421	52	39
Accrued Income	385	263	–	–
VAT	–	–	33	15
Other debtors	1,988	1,278	5	7
Amounts due from Group Undertakings	–	–	54	597
	5,425	**3,954**	**144**	**658**

Trade receivables above are stated net of a loss allowance of £nil (2020: £nil). All receivables are due within one year.

The aging of trade receivables is analysed as follows:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Not yet due	2,182	1,411	–	–
Past due: 0–30 days	96	121	–	–
Past due: 31–60 days	88	92	–	–
Past due: 61–90 days	13	50	–	–
Past due: more than 91 days	206	318	–	–
	2,585	**1,992**	**–**	**–**

15. Share capital

	Share Capital	Total
Group and Company	£'000	£'000
80,822,204 shares at £0.91 per share	**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 year ended 31 December 2021.

16. Borrowings

	2021	2020
Group	£'000	£'000
Loans due within one year	1,634	2,204
Loans due in over one year	11,351	8,507
	12,985	**10,711**

Movements in borrowings during the year

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

Group	£'000
Balance at 1 January 2021	10,711
Funding drawdown	5,725
Interest expense	528
Origination fees paid	(211)
Fee amortisation	141
Repayments	(3,371)
Interest paid	(506)
Loan written off	(13)
Exchange differences	(19)
Balance at 31 December 2021	**12,985**

Group	£'000
Balance at 1 January 2020	6,194
Funding drawdown	5,840
Interest expense	279
Origination fees paid	(2)
Fee amortisation	133
Repayments	(1,458)
Interest paid	(275)
Balance at 31 December 2020	**10,711**

The primary borrowings of the Group are comprised of the following:

- A 24-month revolving facility agreement with a 12-month term-out period, maturing in September 2024. This facility incepted in September 2019 and was renewed in November 2021. Interest is payable monthly with the principal balance rolled over monthly, subject to ongoing compliance with the agreement. This facility is secured by a debenture over all assets of Vertus Capital.
- Unsecured interest bearing facility due in 2028, with interest payable quarterly. This facility was renewed during the current year with the maturity date extended from 2026 to 2028.
- A revolving credit facility under which notice is given by either the lender (3 months) or borrower (6 months). The facility is secured by a fixed and floating charge over Satago SPV1 and interest is payable monthly.

The Company had no borrowings during the period or at year end.

17. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade payables	380	1,553	5	32
Accruals	3,949	4,179	670	569
Other payables	103	247	–	2
Corporation tax	9	1	–	–
Other taxation and social security	706	960	353	539
VAT	145	179	–	–
	5,292	**7,119**	**1,028**	**1,142**

18. Financial instruments

The Directors have performed an assessment of the risks affecting the Group through its use of financial instruments and believe the principal risks to be: capital risk; credit risk, and market risk including interest rate risk.

This note describes the Group's objectives, policies and processes for managing the material risks and the methods used to measure them. The significant accounting policies regarding financial instruments are disclosed in note 1.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while providing an adequate return to shareholders.

The capital structure of the Group consists of borrowings disclosed in note 16 and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in note 15 and note 19).

The Group is not subject to any externally imposed capital requirements.

Principal financial instruments

The principal financial instruments to which the Group is party and from which financial instrument risk arises, are as follows:

- Loans and advances, primarily credit risk and liquidity risk;
- Trade receivables, primarily credit risk and liquidity risk;
- Investments, primarily fair value or market price risk;
- Cash and cash equivalents, which can be a source of credit risk but are primarily liquid assets available to further business objectives or to settle liabilities as necessary;
- Trade and other payables; and
- Borrowings which are used as sources of funds and to manage liquidity risk.

Analysis of financial instruments by valuation model

There are no financial assets or liabilities included in the statement of financial position at fair value.

31 December 2021

Financial assets and financial liabilities included in the statement of financial position that are not measured at fair value:

Group	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Loans and advances	16,133	16,133	–	–	16,133
Trade receivables	2,585	2,585	–	–	2,585
Other receivables	2,373	2,373	–	–	2,373
Cash and cash equivalents	7,608	7,608	7,608	–	–
	28,699	**28,699**	**7,608**	**–**	**21,091**
Financial liabilities not measured at fair value					
Borrowings	12,985	12,985	–	–	12,985
Trade, other payables and accruals	4,672	4,672	–	–	4,672
	17,657	**17,657**	**–**	**–**	**17,657**

31 December 2020

Group	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Loans and advances	14,660	14,660	–	–	14,660
Trade receivables	1,992	1,992	–	–	1,992
Other receivables	1,541	1,541	–	–	1,541
Cash and cash equivalents	17,728	17,728	17,728	–	–
	35,921	**35,921**	**17,728**	**–**	**18,193**
Financial liabilities not measured at fair value					
Borrowings	10,711	10,711	–	–	10,711
Trade, other payables and accruals	6,578	6,578	–	–	6,578
	17,289	**17,289**	**–**	**–**	**17,289**

31 December 2021

Company	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Amounts owed by group undertakings	46,919	46,919	–	–	46,919
Other receivables	92	92	–	–	92
Cash and cash equivalents	786	786	786	–	–
	47,797	**47,797**	**786**	**–**	**47,011**
Financial liabilities not measured at fair value					
Trade, other payables and accruals	1,028	1,028	–	–	1,028
	1,028	**1,028**	**–**	**–**	**1,028**

31 December 2020

Company	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Amounts owed by group undertakings	47,066	47,066	–	–	47,066
Other receivables	619	619	–	–	619
Cash and cash equivalents	578	578	578	–	–
	48,263	**48,263**	**578**	**–**	**47,685**
Financial liabilities not measured at fair value					
Trade, other payables and accruals	1,142	1,142	–	–	1,142
	1,142	**1,142**	**–**	**–**	**1,142**

Fair values for level 3 assets and liabilities were calculated using a discounted cash flow model and the Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Loans and advances

Due to the short-term nature of loans and advances and/or expected credit losses recognised, their carrying value is considered to be approximately equal to their fair value.

Trade and other receivables, borrowings, trade and other payables, and accruals

These represent short term receivables and payables and as such their carrying value is considered to be equal to their fair value.

Financial risk management

The Group's activities and the existence of the above financial instruments expose it to a variety of financial risks.

The Board of Directors has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board of Directors is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. One of the Group's main income generating activities is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Credit risk management

The credit committees within the wider Group are responsible for managing the credit risk by:

- Ensuring that it has appropriate credit risk practices, including an effective system of internal control;
- Identifying, assessing and measuring credit risks across the Group from an individual instrument to a portfolio level;
- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits;
- Limiting concentrations of exposure by type of asset, counterparty, industry, credit rating, geographical location;
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities;
- Developing and maintaining the risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews; and
- Developing and maintaining the processes for measuring Expected Credit Loss (ECL) including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.

Significant increase in credit risk

The Group continuously monitors all assets subject to Expected Credit Loss as to whether there has been a significant increase in credit risk since initial recognition, either through a significant increase in Probability of Default ("PD") or in Loss Given Default ("LGD").

The following is based on the procedures adopted by the Group:

Granting of credit

The Business Development Team prepare a Risk Summary which sets out the rationale and the pricing for the proposed loan facility and confirms that it meets the Group's product risk and pricing policies. The Application will include the proposed counterparty's latest financial information and any other relevant information but as a minimum:

- Details of the limit requirement e.g. product, amount, tenor, repayment plan etc.;
- Facility purpose or reason for increase;
- Counterparty details, background, management, financials and ratios (actuals and forecast);
- Key risks and mitigants for the application;
- Conditions, covenants & information (and monitoring proposals) and security (including comments on valuation);
- Pricing;
- Confirmation that the proposed exposure falls within risk appetite; and
- Clear indication where the application falls outside of risk appetite.

The Credit Risk Department will analyse the financial information, obtain reports from credit reference agencies, allocate a risk rating and make a decision on the application. The process may require further dialogue with the Business Development Team to ascertain additional information or clarification.

Each mandate holder and Committee is authorised to approve loans up to agreed financial limits provided that the risk rating of the counterparty is within agreed parameters. If the financial limit requested is higher than the credit authority of the first reviewer of the loan facility request, the application is sent to the next credit authority level with a recommendation.

The Executive Risk Committee reviews all applications that are outside the credit approval mandate of the mandate holder due to the financial limit requested or if the risk rating is outside of policy but there is a rationale and/or mitigation for considering the loan on an exceptional basis.

Applications where the counterparty has a high risk rating are sent to the Executive Risk Committee for a decision based on a positive recommendation from the Credit Risk department. Where a limited company has such a risk rating, the Executive Risk Committee will consider the following mitigants:

- Existing counterparty which has met all obligations in time and in accordance with loan agreements,
- Counterparty known to Group personnel who can confirm positive experience,
- Additional security, either tangible or personal guarantees where there is verifiable evidence of personal net worth,
- A commercial rationale for approving the application, although this mitigant will generally be in addition to at least one of the other mitigants.

Identifying significant increases in credit risk

The Group measures a change in a counterparty's credit risk mainly on payment, on updated from credit reference agencies and adverse changes with a counterparty's debtors. The Group views a significant increase in credit risk as:

- A two-notch reduction in the Group's counterparty's risk rating since origination, as notified through the credit rating agency;

- A counterparty defaults on a payment due under a loan agreement;
- Late contractual payments which although cured, re-occur on a regular basis;
- Evidence of a reduction in a counterparty's working capital facilities which has had an adverse effect on its liquidity; or
- Evidence of actual or attempted sales out of trust or of double financing of assets funded by the Group.
- Deterioration in the underlying business (held as part of the security package) indicated through significant loss of revenue and higher than average client attrition.

An increase in significant credit risk is identified when any of the above events happen after the date of initial recognition.

Default

Identifying loans and advances in default and credit impaired

The Group's definition of default for this purpose is:

- A counterparty defaults on a payment due under a loan agreement and that payment is overdue on its terms, or
- The collateral that secures, all or in part, the loan agreement has been sold or is otherwise not available for sale and the proceeds have not been paid to the lending company, or
- A counterparty commits an event of default under the terms and conditions of the loan agreement which leads the lending company to believe that the borrower's ability to meet its credit obligations to the lending company is in doubt.

Exposure at default

Exposure at default ("EAD") is the expected loan balance at the point of default and, for the purpose of calculating the Expected Credit Losses ("ECL"), management have assumed this to be the balance at the reporting date.

Expected Credit Losses

The ECL on an individual loan is based on the credit losses expected to arise over the life of the loan, being defined as the difference between all the contractual cash flows that are due to the Group and the cash flows that it actually expects to receive.

This difference is then discounted at the original effective interest rate on the loan to reflect the disposal period of underlying collateral.

Regardless of the loan status stage, the aggregated ECL is the value that the Group expects to lose on its current loan book having assessed each loan individually.

To calculate the ECL on a loan, the Group considers:

1. Counterparty PD; and
2. LGD on the asset

   whereby: ECL = EAD x PD x LGD

Maximum exposure to credit risk

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,608	17,728	786	578
Loans and advances	16,133	14,660	–	–
Amounts owed by group undertakings	–	–	46,919	47,066
Trade and other receivables	4,958	3,532	144	658
Maximum exposure to credit risk	**28,699**	**35,920**	**47,849**	**48,302**

Loans and advances:

Collateral held as security

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Fully collateralised				
Loan-to-value* ratio:				
Less than 50%	2	–	–	–
50% to 70%	83	75	–	–
71% to 80%	192	163	–	–
81% to 90%	142	2,185	–	–
91% to 100%	–	–	–	–
	419	**2,423**	**–**	**–**
Partially collateralised				
Collateral value relating to loans over 100% loan-to-value	–	–	–	–
Unsecured lending	**15,718**	**12,247**	**–**	**–**

* Calculated using wholesale collateral values

Concentration of credit risk

The Group maintains policies and procedures to manage concentrations of credit at the counterparty level and industry level to achieve a diversified loan portfolio.

Credit quality

An analysis of the Group's credit risk exposure for loan and advances per class of financial asset, internal rating and "stage" is provided in the following tables. A description of the meanings of stages 1, 2 and 3 is given in the accounting policies set out in note 1.

Risk rating	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	2021 Total £'000	2020 Total £'000
Above average (risk rating 1-2)	5,274	–	–	5,274	6,360
Average (risk rating 3-5)	10,863	–	–	10,863	6,675
Below average (risk rating 6+)	–	–	–	–	1,635
Gross carrying amount	**16,137**	**–**	**–**	**16,137**	**14,670**
Loss allowance	(4)	–	–	(4)	(10)
Carrying amount	**16,133**	**–**	**–**	**16,133**	**14,660**

Gross Carrying Amount	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
As at 1 January 2021	14,665	–	5	14,669
Transfer to stage 1	5	–	(5)	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Net Loans originated	1,467	–	–	1,468
As at 31 December 2021	**16,137**	**–**	**–**	**16,137**

Trade receivables

Status at reporting date

The Group has assessed the trade and other receivables in accordance with IFRS 9 and determined that, at the balance sheet date, the lifetime ECL is £nil (2020: £nil).

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity is £nil at 31 December 2021 (2020: £nil).

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all banking operations and can be affected by a range of Group specific and market-wide events.

Liquidity risk management

Group Finance performs treasury management for the Group, with responsibility for the treasury for each business entity being delegated to the individual subsidiaries. However, in line with the wider Group governance structure, Group Finance performs an important oversight role in the wider treasury considerations of the Group. The primary mechanism for maintaining this oversight is a formal requirement that subsidiaries' Finance teams notify all material Treasury matters to Group Finance.

The main Group responsibilities are to maintain banking relationships, manage and maximise the efficiency of the Group's working capital and long-term funding and ensure ongoing compliance with banking arrangements. The Group currently does not have any offsetting arrangements.

Liquidity stress testing

The Group regularly conducts liquidity stress tests, based on a range of different scenarios to ensure it can meet all of its liabilities as they fall due.

Maturity analysis for financial assets and financial liabilities

The following maturity analysis is based on expected gross cash flows.

As at 31 December 2021	Carrying Amount £'000	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	>5 years £'000
Financial Assets						
Cash and cash equivalents	7,608	7,608	–	–	–	–
Trade and other receivables	4,958	2,717	690	392	1,159	–
Loans and advances	16,133	740	660	3,158	11,197	378
	28,699	**11,065**	**1,350**	**3,550**	**12,356**	**378**
Financial Liabilities						
Trade payables, other payables and accruals	4,672	1,203	2,414	1,055	–	–
Borrowings	12,985	48	–	1,602	7,835	3,500
	17,657	**1,251**	**2,414**	**2,657**	**7,835**	**3,500**

Market risk

Market risk is the risk that movements in market factors, such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices will reduce the TruFin Group's income or the value of its portfolios.

Market risk management

The TruFin Group's management objective is to manage and control market risk exposures in order to optimise return on risk while ensuring solvency.

The core market risk management activities are:

- The identification of all key market risk and their drivers,
- The independent measurement and evaluation of key market risks and their drivers,
- The use of results and estimates as the basis for the TruFin Group's risk/return-oriented management, and
- Monitoring risks and reporting on them.

Interest rate risk management

The TruFin Group is exposed to the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of the change in market interest rates.

Interest rate risk

Interest rates on loans and advances are charged at competitive rates given current market condition. Should rates fluctuate, this will be reviewed and pricing will be adjusted accordingly.

Vertus's has interest income that is variable in relation to the Bank of England base rate, and interest expense variable to both LIBOR and the Bank of England base rate.

19. Non-controlling interests

The summarised financial information below represents financial information for each subsidiary that has non-controlling interest that are material to the Group. The amounts disclosed for each subsidiary are before intragroup eliminations.

The Group's ownership share Vertus Capital and Vertus SPV1 at the reporting date was 53.8% (2020: 51.0%).

Statement of Financial Position	Vertus Capital		Vertus SPV1	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current assets	5,005	4,670	15,740	12,538
Non-current assets	5	5	–	–
Current liabilities	94	(144)	(15,746)	(12,731)
Equity attributable to owners of the Company	2,747	2,311	(3)	(98)
Non-controlling interests	2,357	2,220	(3)	(95)

Income Statement	Vertus Capital		Vertus SPV1	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Revenue	522	469	1,380	1,018
Expenses	(436)	(623)	(1,193)	(940)
Profit/(loss) after tax	86	(154)	187	78
Profit/(loss) after tax attributable to owners of the Company	46	(79)	100	40
Profit/(loss) after tax attributable to the non-controlling interests	40	(75)	87	38

Cash Flow Statement	Vertus Capital		Vertus SPV1	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Net cash used in operating activities	(520)	(390)	(2,922)	(2,035)
Net cash used in investing activities	224	331	–	–
Net cash generated from financing activities	488	–	2,839	2,043
Net increase/(decrease) in cash and cash equivalents	192	(59)	(83)	8

	Vertus Capital		Vertus SPV1	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Balance at 1 January	2,220	2,295	(95)	(134)
Share of loss for the year	40	–	87	–
Change in NCI due to share issuance in the year	97	(75)	5	39
Balance at 31 December	**2,357**	**2,220**	**(3)**	**(95)**

The Group had a 72% ownership share of Bandana Media Ltd during the year.

Bandana Media Ltd	2021 £'000	2020 £'000
Current assets	45	61
Current liabilities	(5,258)	(4,293)
Equity attributable to owners of the Company	(3,773)	(3,063)
Non-controlling interests	(1,440)	(1,169)

Bandana Media Ltd	2021 £'000	2020 £'000
Revenue	–	–
Expenses	(981)	(824)
Loss after tax	(981)	(824)
Loss after tax attributable to owners of the Company	(710)	(596)
Loss after tax attributable to the non-controlling interests	(271)	(228)

Bandana Media Ltd	2021 £'000	2020 £'000
Net cash used in operating activities	–	1
Net decrease in cash and cash equivalents	–	1

Bandana Media Ltd	2021 £'000	2020 £'000
Balance at 1 January	(1,169)	(941)
Share of loss for the year	(271)	(228)
Balance at 31 December	**(1,440)**	**(1,169)**

The Group had a 94.1% effective economic ownership share of Satago Financial Solutions Limited at the reporting date (2020: 93.7%).

Satago Financial Solutions Ltd	2021 £'000	2020 £'000
Current assets	1,748	5,256
Non-current assets	631	631
Current liabilities	(291)	(713)
Equity attributable to owners of the Company	1,985	4,880
Non-controlling interests	103	294

Satago Financial Solutions Ltd	2021 £'000	2020 £'000
Revenue	198	591
Expenses	(3,284)	(3,508)
Loss after tax	(3,086)	(2,916)
Loss after tax attributable to owners of the Company	(2,905)	(2,787)
Loss after tax attributable to the non-controlling interests	(181)	(129)

Satago Financial Solutions Ltd	2021 £'000	2020 £'000
Net cash used in operating activities	(3,965)	(751)
Net cash used in investing activities	189	(305)
Net cash used in financing activities	2,731	–
Net decrease in cash and cash equivalents	(1,044)	(1,056)

Satago Financial Solutions Ltd	2021 £'000	2020 £'000
Balance at 1 January	294	–
NCI on grant of Satago MIP	–	496
Share of loss for the year	(181)	(129)
Arising from change in non-controlling interest	(10)	(73)
Balance at 31 December	103	294

20. Leases

The carrying amounts of the right-of-use assets recognised and the movements during the period are shown in note 11.

The lease liability and movement during the period were:

Group	£'000
Lease liability recognised at 1 January 2021	120
Interest	3
Payments	(99)
Balance at 31 December 2021	**25**

21. 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.

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

	2021	2020
Number of shares (#)		
At year end	80,822,204	80,822,204
Weighted average	80,822,204	80,822,204
Earnings attributable to ordinary shareholders	**£'000**	**£'000**
Loss after tax attributable to the owners of TruFin plc	(7,071)	(10,971)
Adjusted earnings attributable to ordinary shareholders		
Loss after tax attributable to the owners of TruFin plc	(7,071)	(10,971)
Adjusted for share-based payment	70	545
Adjusted loss after tax attributable to the owners of TruFin plc	(7,001)	(10,426)
Earnings per share*	Pence	Pence
Basic and Diluted	(8.7)	(13.6)
Adjusted[1]	(8.7)	(12.9)

* All Earnings per share figures are undiluted and diluted.

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

Management has been granted 5,451,578 share options in TruFin plc (see note 6 for details). 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 years presented as the Group is loss making.

22. Related party disclosures

Transactions with Directors

Transactions with Directors, or entities in which a Director or recent Director is also a Director or partner:

	2021 £'000	2020 £'000
Payment to an ex-Director	–	359
Consultancy services provided by an ex-Director	21	29
Other related parties	–	2

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

During the year, the company made loans to Storm Chaser UG, a company based in Germany. Storm Chaser UG is 100% owned by Storm Chaser Games – an associate company of Playstack (See note 1). The balance of the loans (including interest) at the reporting date was £148,000 (prior period: £Nil).

23. Post balance sheet events

On 12 April 2022 the Company successfully completed a Placing and Open offer resulting in 13,360,739 new ordinary shares being issued in the Company at £0.75 per share, raising gross proceed of c.£10m. Following issue of the new shares, the total number of voting rights in the Company is 94,182,943.

Since the year end Lloyds Banking Group ("LBG") has completed an investment of £5m of new equity capital in Satago, at a pre-money valuation of £20m. 937,501 newly created B ordinary shares, with a par value of £0.001 per share, were allotted for £5m cash from LBG, representing 20% of the fully diluted share capital.

On 9 March 2022 TruFin agreed to vary the terms of an existing £3 million loan to Satago so that it is convertible into equity capital in Satago at the same valuation as the LBG investment or, if a further funding round takes place, the valuation implied by the funding round. Assuming conversion based on the £20 million valuation (and assuming LBG does not subscribe for its pro rata entitlement to shares), TruFin would hold approximately 68% of Satago (on a fully diluted basis).

In addition on 9 March 2022 LBG confirmed its intention to enter into a commercial agreement to licence Satago's software platform for its Single Invoice Finance and whole of book Invoice Factoring customers. Satago and LBG have signed a letter of intent.

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