21 September 2021

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

FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2021

Resilient trading results despite wider Covid-19 economic effect
Stronger balance sheet and improved cash position

Time Finance plc (AIM: TIME), the AIM listed independent specialist finance provider, announces its final results for the year ended 31 May 2021. The Company is pleased to report a satisfactory performance despite the continued impact of the Covid-19 pandemic on trading throughout the financial year.

Despite the wider macroeconomic effects of the pandemic, the Group has remained profitable throughout, demonstrating its resilient and diversified lending book, a strengthened balance sheet and greatly improved liquidity. Furthermore, trading activity in the first quarter of the current financial year is also steadily increasing.

Commenting on the results, John Newman, Non-executive Chairman of Time Finance, said:

"The Group's unbroken record of year-on-year growth in revenue and profits since 2015 was severely impaired by the Covid-19 pandemic. Over a four-year period the Group's "buy and build" strategy achieved almost a six-fold increase in revenue, five-fold increase in PBT and 100% growth in earnings per share. The Board and senior management team are determined that the Group returns to this level of performance and believe that the strength of our business model and the support of our colleagues throughout the Group provide the resources for this to be achieved over the next few years. Together with a stronger balance sheet and greater cash resources, the Board has confidence in the future development of the Group as a non-bank alternative provider of finance to UK SMEs"

Financial Highlights:

- Revenue for the year of £24.2m (2020: £29.2m), a decrease of 17%
- Profit Before Tax, Exceptional Items and Share-Based Payments ("PBTE") for the year of £3.1m (2020: £3.0m), an increase of 3%
- Earnings per share of 1.98 pence per share (2020: 1.76 pence) an increase of 13%
- Consolidated Net Assets at 31 May 2021 of £57.1m (2020: £55.2m), an increase of 3%
- Consolidated Net Tangible Assets at 31 May 2021 of £28.4m (2020: £26.5m), an increase of 7%
- Cash, Cash Equivalents and Convertible "paper" of £11.3m (2020: £1.4m)
- Good visibility on future earnings with unearned income of £14.9m (2020: £15.2m)
- Blended cost of borrowings maintained at approximately 4% (2020: 4%)
- Consistent write-off levels despite the continued impact of the pandemic with net write-offs in the year of 1.6% of the year-end gross portfolio (2020: approximately 1.3%)
- Deals in forbearance at 31 May 2021 of £0.8m (31 May 2020: £24.3m), a decrease of 97%
- Deals in arrears at 31 May 2021 fell by 33% from 31 May 2020 levels, to below pre-pandemic level
- Credit risk provision at 31 May 2021 prudently held at £5.2m (2020: £5.1m)

Operational Highlights:

• Board restructured and strengthened with the appointment of Ed Rimmer as CEO and Tanya Raynes as Non-Executive Director

• Group-wide rebrand to Time Finance completed, bringing the Group under a single, national brand

• Government-backed accreditations from The British Business Bank to provide both Coronavirus Business Interruption Loan Scheme ("CBILS") and Recovery Loan Scheme ("RLS") to UK SMEs

• Continual focus on diversification and spread of risk, with largest sector exposure accounting for approximately 5% and the top ten sectors less than 25% of the total lending book at 31 May 2021

• Since 31 May 2020 the Group has been recognised in London Stock Exchange Group's '1000 Companies to Inspire Britain' report, been awarded 'Employer of The Year' in the Business Leader Awards and nominated in the SME Funding Awards

• New business origination for the financial year was £103m (2019: £147m), a decrease of 30% attributable to the impact of the pandemic with the most significant driver of the reduction being brokered-on vehicle finance

Ed Rimmer, Chief Executive Officer, added:

"Time Finance is well positioned to take advantage of the post-Covid recovery and is pursuing a clearly defined growth strategy. Fresh ideas are being brought into the organisation and the Group is being repositioned under the Time Finance brand as a multi-product provider of lending facilities to SMEs, focusing on core own-book lending. Market conditions remain challenging as the overhang of government funding initiatives is still apparent; however, it is likely that demand for finance will increase again through the course of our financial year. We therefore look forward with a sense of cautious optimism."

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

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About Time Finance:

Time Finance's strategy is to focus on providing or arranging the finance UK SMEs require to fund their businesses and arranging vehicle and property-backed finance for consumers. The multi-product range for SMEs includes asset, vehicle, loan and invoice finance facilities. The Group operates a "hybrid" lending and broking model enabling it to optimize business levels through market and economic cycles.

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

Chairman's Statement
For the year ended 31 May 2021

Performance and dividend
Our financial year experienced the continuing effects of the Covid-19 pandemic which has disrupted daily lives and created the most challenging of business environments. Our priorities continued to be focused on the health and wellbeing of our staff and on the services we provide to our customers.

Throughout this period we have remained "open for business" and we have provided essential financial support to our SME customers with our comprehensive range of financing products. These included the Government-backed Coronavirus Business Interruption Loan Scheme (CBILS) and, more recently, the Recovery Loan Scheme (RLS). We received accreditation for both schemes from the British Business Bank.

I am extremely proud of how the Group has faced the uncertain and changing business environment and for this the Board is indebted to all our staff whose commitment and enthusiasm has been remarkable. It is pleasing to report that despite the continuing effect of the pandemic, which included a further period of disruption in the economy from the imposition of another period of lockdown in the second half of our financial year, the Group's revenue was £24.2m (2020: £29.2m) with profit before tax and exceptional items of £3.1m (2020: £3.0m). Fully diluted earnings per share were 1.85p (2020: 1.74p).

The Group's balance sheet was significantly strengthened during the year with net cash and cash equivalents of £7.7m (2020: £0.1m). The forbearance on leases and loans that we had granted to support our customers who were experiencing financial hardship as a result of lockdown fell dramatically during the financial year to less than £1m, a reduction of over 95%. This was accompanied by deal arrears falling to pre-pandemic levels. This has demonstrated that our credit risk policy, which has been applied consistently throughout the pandemic, has been effective while still allowing us to provide much needed financial support to our customers.

The Group's trading update on 16 June 2021 provided details of the current dividend policy. This was in the context of the updated business strategy which sets an objective of more than doubling the Group's lending book over the next few years. This will require the application of the Group's available cash resources into leveraging our funding facilities to maximum effect for the successful achievement of our lending objectives with the focus being on the growth of shareholder value rather than dividend distribution. The Board has therefore confirmed that the 2019 interim dividend that was deferred as a result of the pandemic will not be paid and that while cash resources are being deployed to business growth at the current time, future dividends will be kept under review.

Our strategy
The Group Strategic Report sets out progress against the Group's goals and objectives which were updated in the yearend trading report released on 16 June 2021. The focus of the strategy is for the Group to continue to grow as a well-diversified and risk-mitigated alternative finance provider, recognised as having a comprehensive range of business finance products to offer to an expanding base of UK SME customers. This will be reflected in our focus on providing more secured own-book lending while maintaining the flexibility to act as a broker where appropriate. The underlying strength of our market position and product offering was further enhanced with the rebranding of our business as Time Finance in December last year. The rebranding consolidated our various trading names into one consistent brand name which has simplified the operating structure with a single nationally recognised brand.

The balancing and management of risk is an important responsibility for the Board at all times, but particularly so where there exists a greater level of economic uncertainty. In this respect, the Board considers that the Group's business model, in offering multi-product financial services to a wide range of business sectors, will continue to deliver a high degree of commercial resilience. We remain confident that this resilience and flexibility within the business model will ensure that the Group can balance its risk exposure in a prudent manner while maintaining competitive levels of customer service.

Governance and culture

The business operates in a regulated environment and a key responsibility for the Board is to ensure that strong and effective governance operates throughout the Group.

The Board has four sub-committees, namely Audit, Remuneration, Nominations and Governance and Risk, with membership comprising only of non-executive Directors. The committees meet on a regular basis.

The Board will continue to focus on increasing diversity in all its forms and it is pleasing to note that women now represent 55% of the Group's senior management team. This is an important consideration for the Group where women make up 56% of our total workforce.

There is a clear emphasis within the Group on maintaining a corporate culture that adheres to its core values of being "genuine" and acting with "integrity" and "agility". These values underpin everything that we do across the business and are key in ensuring responsible attitudes and behaviours are foremost in every member of our team. It is heartening that these qualities are successfully demonstrated every day by our staff in meeting the financial needs of our customers.

During the year, staff from our Talent Leadership Programme with Tanya Raynes, our recently appointed non-executive Director, as Board sponsor, formulated our approach to our Environmental, Social and Governance (ESG) responsibilities. We are embedding ESG as an integrated part of our core business strategy.

Our people

On 6 January 2021 it was announced that, following discussions between the Directors, the Company's principal shareholders, and Ian Smith, its Chief Executive Officer ("CEO"), it had been decided that Ian's planned retirement date of 31 December 2021 should be brought forward and effected as soon as a successor was appointed. Ian stepped down in February and his dedication and commitment to our business was acknowledged with the Board's sincere thanks and appreciation.

In February we were fortunate in securing the services of Ed Rimmer as Interim CEO of the Group and in June Ed was appointed as permanent CEO. Ed has extensive experience within the financial services sector and his specific knowledge of the Group from his time with us as Group COO between 2017 to 2020 has enabled him to take up the CEO responsibilities quickly and effectively.

This period of change in the executive leadership of the Group was challenging and I wish to make special reference to the contribution of James Roberts, our CFO. His financial expertise, particularly in the treasury management of a business whose raw material is cash, has been exemplary and his participation in the wider management of the Group's operations has been greatly appreciated by the Board.

In March this year we appointed Tanya Raynes as a non-executive Director of the Company. Tanya has brought to the Board a wealth of strategic, financial and commercial expertise from a variety of senior executive roles within both blue-chip corporates and SMEs. After qualifying with PricewaterhouseCoopers as a Chartered Accountant, Tanya gained extensive structured financing experience with GE Capital and is currently Non-Executive Chair of Pula Aviation Services.

My intention to retire was announced in January this year and the Board are delighted to announce that Tanya will succeed me as Chair when I retire following the Company's AGM to be held on 21 October 2021. I am confident that Tanya will lead the Board in a thoughtful and constructive way and that the stewardship of the Group will be in very capable hands.

The enormous dedication shown by our colleagues throughout the Group in the face of the most challenging conditions has been exceptional and on behalf of the Board, I wish to record our sincere thanks and appreciation for their hard work and commitment.

Outlook

The Group's record of year-on-year growth in revenue and profits since 2015 has been severely impaired by the Covid-19 pandemic. Over a four-year period, the Group's "buy and build" strategy achieved almost a six-fold increase in revenue, a five-fold increase in PBT and 100% growth in earnings per share.

The Board and the management team are determined that the Group returns to this level of performance and believe that the strength of our business model and the support of our colleagues throughout the Group provide the resources for this to be achieved over the next few years.

In the year ahead, we will focus on our recovery from the impact of the pandemic but it is clear that the economic effects of the pandemic will continue to overshadow many of the sectors in which our customers operate. The Group benefits from being a provider of a wide range of financial products to SMEs across multiple business sectors and has no overweight dependence on any specific business category.

The strength of the Group's business model has been demonstrated by its continued profitability throughout the period of the pandemic and together with a stronger balance sheet and greater cash resources gives the Board confidence in the future development of the Group as a non-bank alternative provider of finance to UK SMEs.

In this, my last statement as Chairman, I would like to record my sincere thanks to my fellow Directors and colleagues throughout the Group for their unfailing support during my six years on the Board. My best wishes go to them and all our stakeholders for a successful and healthy future.

John Newman
Chairman
21 September 2021

Chief Executive Officer's Report
For the year ended 31 May 2021

Introduction

Time Finance is a multi-product, specialist finance provider to UK SMEs acting as both a lender and broker in arranging funding for their working capital requirements. This hybrid lending and broking model enables the Group to effectively manage credit risk, capital allocation, revenues and customer service through changing market and economic conditions. The financial results for the Group for the year ended 31 May 2021 consolidate the results of the various trading entities that form the Group's product divisions and group functions.

The Group was rebranded during the year after previously trading under the banner of 1pm plc for nearly 20 years. The business comprises four product divisions: Asset Finance, Vehicle Finance, Loan Finance and Invoice Finance. The divisions are supported by central group functions: Risk, Compliance, Finance, IT, Human Resources and Marketing.

The Covid-19 pandemic continued to disrupt the wider small business lending market during the period under review. The trading year started in more optimistic fashion with the first lockdown ending in early July 2020. However with further and unexpected lockdowns in November 2020 and January 2021, momentum was further interrupted. The main issue for lenders such as Time Finance has been the lack of demand brought about by the various government funding and support schemes, and the use of these facilities in some cases to repay other borrowing. The Group did though become an accredited lender through the Coronavirus Business Interruption Loan Scheme ("CBILS") which enabled it to utilise the £12m allocation to provide term loans to small businesses, backed by the government's 80% guarantee. Despite all the disruption through the year, the financial performance and results to May 2021 as a whole were satisfactory, demonstrating the Group's resilience through such challenging times.

The results achieved are due to the commitment and hard work shown by all colleagues in the Group. A lot of time was spent working remotely from home with people having to quickly transition to "the new normal". This has provided many different challenges to businesses throughout the country, and Time Finance is no exception; colleagues have at times felt somewhat isolated and it is to their credit that the business has remained effective and robust during these challenging times. As the business moved through the latest year end to 31 May 2021, the outlook was looking much more positive as the teams gradually returned to the offices with a roadmap set out for the full return by September 2021.

Sustainable, robust business model

The hybrid commercial model of being a lender and a broker enables the Group to mitigate risk through deciding which business to fund on its own balance sheet and which to broker on to other lenders. The Group has also maintained sound operational principles designed to develop a robust business including:

- **a widely spread lending book** with security taken to support lending facilities and suitable margin achieved on each deal to justify the risk taken.
- **fixed interest rates** are charged for the term of the lending with interest rates incurred on borrowings drawn down equally being fixed for the term and the Group's policy is, wherever possible, to match the term of borrowings drawn to the term of lending provided.
- **underwriting is carried out by people** as opposed to automated systems for credit decisions. Although an essential element of the Group's development continues to be the deployment of IT systems, it is essential that credit decisions are taken by people given the markets we operate in.
- **a realistic approach to provisioning**. The net write-off rate (the gross value of receivables

written-off less recoveries) in the year to 31 May 2021 was approximately 1.6% of the year end gross lending portfolio. The total provisions carried in the balance sheet at 31 May 2021 amounted to £5.2m, representing 5.2% of the net lending portfolio. Having spent much of the year dealing with forbearance requests and generally supporting customers through the pandemic, a detailed internal review was carried out on the entire lending book, with the provisioning reflecting the recommendations made from this review.

Market positioning and new business origination

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

New business origination in the year to 31 May 2021 amounted to £103m, down on the £147m achieved the previous year (which included 9 months of pre-Covid activity). Of this origination 46% was funded on balance sheet and 54% was broked-on, compared with 37% and 63% respectively in the prior year. The bias towards less broked-on volumes was down to the suppressed vehicle finance market for leasing new and second-hand cars; the Group's policy is to not carry residual balance sheet risk in respect of cars and so 100% of all finance deals originated for such assets are broked-on.

Financial results

Total revenue for the year to 31 May 2021 was £24.2m, a decrease of £5.0m year-on year. Revenue comprises interest and other income (such as facility fees, document fees and asset assurance income) of £21.0m from own-book lending (2020: £23.4m) and, secondly, commission income of £3.2m from broking activities (2020: £5.8m). Interest and other income from lending therefore accounted for 87% (2020: 80%) and commission income from broking accounted for 13% (2020: 20%) of total revenues. As mentioned above, there was an increase in lending on the Group's own-book. This is primarily down to the difficult market conditions with other lenders restricting lending, particularly with respect of the vehicle division which is 100% brokered-out.

The business enjoys good visibility of future revenue in that 'unearned income' (i.e. future interest income from 'own-book' deals already written on the Group's balance sheet) as at 31 May 2021 amounted to £14.9m (2020: £15.2m).

The Group's profit before tax and exceptional items for the year ended 31 May 2021 was £3.1m, compared with £3.0m in the prior year. Profit before tax was £2.0m (2020: £2.0m), and profit after tax £1.8m (2020: £1.6m).

At 31 May 2021, the Group's total gross receivables stood at £116m, compared with £123m on 31 May 2020, the reduction attributable principally to the flat market conditions and also early settlements made from customers utilising the cheaper government funding schemes available. Total active borrowing facilities at 31 May 2021 amounted to £163m (2020: £159m), of which £67m was drawn (2020: £64m).

Also, at 31 May 2021, consolidated net assets stood at £57.1m (2020: £55.2m), an increase of 3%. The return on equity was therefore 3% (2020: 3%) and the return on net tangible assets (excluding goodwill and intangible assets held on the balance sheet) was 6% (2020: 6%).

Net cash and cash equivalents held at 31 May 2021 was £7.7m (2020: £0.1m). The improvement was down to lower lending volumes and the significant reduction in forbearance which stood at £0.8m at 31 May 2021 (2020: £24.3m), plus loans from our bank. The strength of the Group's balance sheet, together with its liquidity in the form of available operational debt facilities for lending and cash held, ensure the Group is well-placed to take advantage of the post-Covid recovery.

At 31 May 2021, there were 92,512,704 shares in issue (2020: 88,985,316). The increase during the year consisted of 2,138,500 shares issued in relation to share options exercised by the Group's Senior Management Team, and 1,388,888 shares issued as contingent consideration to the vendors of Positive Cashflow (Holdings) Ltd. Given these issues of shares, earnings per share were 1.98 pence (2020: 1.76 pence), and on a fully diluted basis were 1.85 pence (2020: 1.74 pence).

Operational progress

The year to 31 May 2021 was one of significant disruption for the Group. The plans for the year were formulated in late spring of 2020 as the business anticipated coming out of the first lockdown with the realistic assumption that the wider UK economy would gradually recover through the later part of 2020 and more rapidly into 2021. This has not proven to be the case given the further two lockdowns and with it, a continuation of the majority of colleagues working from home for in excess of 12 months. In addition, there was also a significant change across the leadership of the business as Ian Smith stepped down from his position as Chief Executive in January 2021 and at the same time, John Newman, our Chairman, announced his intention to retire. The Group was under interim leadership for the last 3 months of the financial year to 31 May 2021, within which time a new strategy was presented and agreed by the board. I was appointed as permanent CEO on 1 June 2021 with the remit to deliver the new strategy and with it a recovery in the financial performance to pre-Covid levels as soon as possible.

Despite all the changes, much progress was achieved during the year. The Asset Finance division saw demand increase in specific segments of the market, most notably for light goods vehicles which increased in number to meet the demand for home deliveries during lockdown. The Loans division benefitted from becoming an accredited lender under both CBILS and, more latterly, the replacement Recovery Loan Scheme ("RLS"). By 31 May 2021, a total of £12m had been lent under the CBILS programme and the Group has accreditation for a similar amount of lending under RLS. If utilised by the end of this calendar year, in excess of £20m will have been lent under these schemes. The Invoice Finance business focused heavily on supporting clients through the pandemic and although lending volumes reduced significantly, overall client numbers did not. To put this into perspective, at the peak of the downturn, advances to clients were down by 50% on pre-pandemic levels but with the actual number of active client facilities having reduced by just 10%. The business was also rebranded in late 2020 which provides an exciting opportunity to take the Group forward under one name and maximise the opportunities that go with this.

Culture, compliance and governance

Time Finance is a customer focused business with a strong desire to be "easy to deal with". At the same time, the Group has high standards for compliance and governance for all its lending and broking activities by reference to the principles and guidelines of the Financial Conduct Authority and the codes of conduct of relevant industry bodies.

Outlook

The business is well positioned to take advantage of the post-Covid recovery and has a new growth strategy that is being pursued. Fresh ideas are being brought into the organisation and the Group is being repositioned under the Time Finance brand as a multiproduct provider of lending facilities to SMEs, focusing on core own book lending. Market conditions remain challenging as the overhang of government funding initiatives is still apparent; however, with repayments under these schemes now due and with the Furlough scheme finishing at the end of September, it is likely that demand for finance will increase again through the course of our financial year. We therefore look forward with a sense of cautious optimism.

Ed Rimmer
Chief Executive Officer
21 September 2021

Group Strategic Report
For the year ended 31 May 2021

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

From 2015, the business, formerly 1pm plc ("1pm"), set about diversifying from a single product provider of soft asset finance to a broader multi product business. This enabled it to offer a wider product portfolio to an enlarged target market and mitigate risk through a larger spread of lending. This expansion was predominantly through acquisitions of other lenders who were in the main small, owner-managed and entrepreneurial businesses. Significant work went into integrating the acquired businesses between 2017 and 2019. All the acquired brands were retained, given they had well established markets and networks for business origination. As the wider business developed and the acquired entities became more integrated within the Group, it was clear that the business needed to move forward under one unified brand and so the decision was taken to rebrand the Group. This was completed in December 2020 with the launch of Time Finance. The new name recognised two of the most critical aspects of running a small business – Time and Money. Positioning the Group as a credible partner to SMEs and helping them to achieve their growth ambitions is a key part of the Group's strategy.

Strategic Objectives
The Covid-19 pandemic severely impacted business volumes during the year, with the various government funding initiatives significantly reducing the need for third party finance. The Group's change of CEO in March 2021, and the subsequent easing of lockdown restrictions on the back of the government's rapid vaccination roll out, provided a good opportunity to review and refresh the Company's medium-term strategy. This was approved by the Board ahead of the 31 May 2021 year end and allowed the Board to present the plans to stakeholders during June of this year. The summary headlines of the Group's objectives over the next 4 years are:

- More than double the Group's gross lending book organically from its current level to approximately £250m
- Through organic-led growth, achieve revenue and PBTE levels in excess of the 2019 pre-Covid levels of over £30m and £8m respectively

This will be achieved through the following strategic initiatives:

- Focusing on core products: Asset, Invoice and Loan finance
- Focusing on own-book lending
- Predominantly focusing on a secured lending proposition with an increasing average deal size
- Investing in key sales resources
- Repositioning the brand and investing in marketing
- Bringing further liquidity into the Business

Comments on each of the above initiatives are below:

i. **Focus on core products**

Whilst the business offers a range of products that includes funding from our own balance sheet and broking on business, it fundamentally has three core and well-established products which it will focus on expanding with experienced Directors leading each of these divisions. Importantly, it will also look to offer an Asset Based Lending proposition where the core products can be operated together as a package to increase the cash available to its SME customers, and with it, the returns and security on offer to it as a lender.

ii. Focus on own book lending

As the economy recovers post Covid-19, there will be good opportunities for non-bank, specialist lenders like Time Finance with SMEs requiring finance to grow once the government support initiatives wind down. Some of the acquisitions that were historically made by 1pm were Business to Consumer companies, which are more burdened by regulation and compliance. The Group will not be looking to focus on these areas of the business to contribute significant growth. The focus will be on funding Business to Business customers on the Group's own balance sheet. As the Group's own lending book increases, so will the size of its balance sheet and with it the inherent valuation of the business.

iii. Focus predominantly on secured lending and increased deal size

When funding SMEs the Group will look to obtain tangible security wherever possible to underpin its lending. This could be taking title to professionally valued fixed assets or book debts, supported by registering debentures and/or property charges. At the same time, the Group will increase the average ticket size of the soft asset business which historically has operated in the micro end of the SME lending market. Over time, this will reduce the delinquent debt levels and increase efficiencies through dealing with a lower number of enquiries from more established businesses.

iv. Investment in key sales resources

In order to grow the business, the Group will look to acquire further new business talent and put the Group in the best possible position to take advantage of the post-Covid recovery. As per the previously mentioned focus on core products, this recruitment will be centred around invoice, asset and loan finance as well as training the Group's teams internally to maximise cross-selling opportunities.

v. Reposition of the brand and investment in marketing

The rebrand to Time Finance provides the Group with an excellent opportunity to reposition the business in line with our core strategic aims. Historically under the various trading brands that comprised 1pm, there was potentially a lack of market understanding and clarity as to what the business stood for and where it wanted to operate. An experienced Head of Marketing has been appointed to deliver this repositioning strategy as part of a refreshed overall marketing plan that will aim to see the business widely recognised as the independent finance provider of choice to SMEs.

vi. Potentially add further liquidity into the Business

The Group feels it has sufficient cash resources to deliver its medium-term objectives. However, should the opportunity arise to grow the business more rapidly than expected, it may require further liquidity in the business to support the increased use of its senior debt facilities for financing leases and loans. Finding suitable liquidity at sensible pricing is therefore a key priority over the course of the next 12 months.

Key performance indicators

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

- Revenue - decreased 17% to £24.2m (prior year £29.2m)

- Profit Before Tax – maintained at £2.0m (prior year £2.0m)
- Diluted Earnings Per Share - increased 6% to 1.85p (prior year 1.74p)
- New Business Origination - decreased 30% to £103m (prior year £147m)
- Cash, cash equivalents and convertible paper of £11.3m (prior year £1.4m)
- Funding interest rate – maintained at a blended rate of 4% (prior year 4%)
- Net interest margin – decreased to 10.4% (prior year 11.5%)

Principal risks and uncertainties

'Principal risks' are defined as a risk or a combination of risks that, given the Group's current position, could seriously affect the performance, future prospects or reputation of the Group. These risks could potentially materially threaten the business model, performance, solvency or liquidity, or prevent the delivery of the strategic objectives outlined above. The Board has overall responsibility for ensuring that risk is appropriately managed across the Group and, through the Risk Committee, has established the Group's appetite to risk, approved its structure, methodologies, policies, and management roles and responsibilities.

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

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

i. Credit Risk

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

ii. Funding Risk

The risk of the Group not being able to meet its current and future financial obligations over time, specifically that funding is not available to meet the Group's growth targets. The Group has active funding facilities across Block Discounting, a Secured Loan Note programme and Back-to-Back invoice finance facilities, aggregating to £163m with ample headroom to meet its growth targets for the medium future. As detailed previously, should the opportunity arise to grow considerably faster than the medium-term plan anticipates, then the Group could decide to augment its funding with additional liquidity.

iii. Regulatory Risk

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

Section 172 Statement and stakeholder engagement
Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefits of its members as a whole. In doing this s.172 requires a director to have regard, amongst other matters, to:

- the likely consequences of any decisions in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct;
- the need to act fairly with members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under Section 172. This includes the Board receiving regular training on their obligations as Directors from advisors and on an ongoing basis from the Company Secretary. Board Papers are also prepared with this in mind, ensuring Directors have all the relevant information required to enable them to properly reflect and consider the factors set out above in their decision making.

Our decisions
The key decisions, many of which were taken in light of the pandemic and its widespread economic impact, made by the Board during the year were:

i. **Focusing on a strengthened balance sheet with improved liquidity**. This had the dual result of safeguarding the ability of the Group to operate in the short term by meeting its debts as they fall due and operating within its banking covenants; while positioning the Group for future growth as and when the country emerges fully from the pandemic.

ii. **Restructuring of the Board.** A new CEO was appointed during the year and the Non-Executive arm of the Board augmented with an additional member adding renewed direction, challenge and experience to the Board to support the recovery and future growth prospects of the Group.

iii. **Rebranding the Group.** Continuing with its strategic plan to transition from several stand-alone brands to a single nationally recognised brand, Time Finance was launched as a consolidated brand in December 2020.

Further detail on the medium-term strategy and the Board's decision-making driving this can be found in the Chairman's Statement, CEO's Report and CFO's Report in the annual report and accounts, as well as earlier on within this Strategic Report.

The Board sees the value of building and maintaining strong relationships with all its key stakeholders, who are identified below:

Our employees
The business is committed to open and transparent communication with its staff, primarily through a mixture of regular monthly all-staff email communications augmented by the delivery of regular "Town Hall" all-staff meetings at each Group site, where strategic and performance updates are delivered by members of the Operating Board and two-way communication is encouraged. In addition to gathering

feedback throughout the year through regular meetings, the Company also encourages employees to share their views with all managers adopting an "open door" policy.

Our customers, suppliers and investors
The Group's customers fall into two distinct categories covering both business-to-business ("B2B") and business-to-consumer ("B2C") sectors. The Group is committed servicing them both effectively with a network of dedicated broker or relationship managers within the B2B side of the business who work tirelessly to ensure that all parties are satisfied with the management of the relationship. Our B2C customers benefit from the expertise, skill and customer focus of our dedicated teams of highly trained employees.

The Group works with a number of key suppliers, primarily providers of IT, marketing support services and expert advisors. Each relevant function has dedicated staff who work closely with these suppliers to ensure the successful delivery of these services for both parties.

In addition, the Group invests in its technology infrastructure to ensure that its customer base and key suppliers have a market leading experience.

The Group adopts a proactive policy with regards to its interactions with its investors attempting to foster an open and ongoing dialogue with shareholders throughout the year. The Chairman, CEO and CFO make themselves available to meet investors as required as well as providing updates through regular investor presentations, roadshows, presenting at shareholder events and the publication of detailed and timely RNS and RNS Reach updates. The Group hopes this helps manage the expectations of shareholders and understand the motivation behind shareholder voting decisions whilst striving to make the right decisions as it navigates the pandemic-impacted market in which it operates. The Group continually aims to strike an appropriate balance between long-term shareholder value and short-term business needs.

Our communities and the environment
Whilst the Group has limited direct impact on the environment it is mindful of its responsibility in this regard. To this end, a staff body has been developed to focus specifically on the ESG agenda and the impact the Group has on these important areas.

Our standards
Acting with integrity is one of the key cultural pillars of the Group which continually strives to maintain a high standard of business conduct. All staff are trained thoroughly and subject to rigorous continual professional development standards. The various awards the Group has won are testament to the high standards of business conduct it prides itself on.

Summary
The post-Covid recovery should present the Time Finance Group with many opportunities, whilst acknowledging the potential threats that also may come our way through potential increased default and delinquent debt. SMEs will need access to finance to recover and grow their businesses, and having an independent, credible and flexible alternative to the banks presents the Group with a significant opportunity once market conditions improve.

Ed Rimmer
Chief Executive Officer
21 September 2021

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2021

	2021	2020
	£'000	£'000
CONTINUING OPERATIONS		
Revenue	**23,799**	29,062
Other income	**425**	182
Total Revenue	**24,224**	29,244
Cost of sales	**(9,362)**	(13,319)
GROSS PROFIT	**14,862**	15,925
Administrative expenses	**(11,475)**	(12,793)
Exceptional items	**(843)**	(909)
Share-based payments	**(277)**	(31)
OPERATING PROFIT	**2,267**	2,192
Finance costs	**(250)**	(181)
Finance income	**3**	9
PROFIT BEFORE INCOME TAX	**2,020**	2,020
Adjusted earnings before interest, tax exceptional items and share-based payments	**3,140**	2.960
Exceptional items	**(843)**	(909)
Share-based payments	**(277)**	(31)
PROFIT BEFORE INCOME TAX	**2,020**	2,020
Income Tax	**(243)**	(465)
PROFIT FOR THE YEAR	**1,777**	1,555
Profit attributable to:		
Owners of the parent	**1,777**	1,555
Earnings per share expressed in pence per share		
Basic	**1.98**	1.76
Diluted	**1.85**	1.74

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MAY 2021

	2021	2020
	£'000	£'000
ASSETS		
NON-CURRENT ASSETS		
Goodwill	**28,241**	28,241
Intangible assets	**476**	526
Property, plant and equipment	**551**	767
Right-of-use property, plant & equipment	**224**	428
Trade and other receivables	**44,335**	46,157
Deferred tax	**806**	944
	74,633	77,063
CURRENT ASSETS		
Trade and other receivables	**55,073**	60,038
Tax receivable	**113**	185
Cash and cash equivalents	**7,969**	1,304
	63,155	61,527
TOTAL ASSETS	**137,788**	138,590
EQUITY		
SHAREHOLDERS' EQUITY		
Called up share capital	**9,252**	8,899
Share premium	**25,543**	25,360
Employee shares	**63**	-
Treasury shares	**(790)**	(310)
Retained earnings	**23,051**	21,274
TOTAL EQUITY	**57,119**	55,223
LIABILITIES		
NON-CURRENT LIABILITIES		
Trade and other payables	**33,749**	28,639
Financial liabilities – borrowings	**3,369**	-
Lease Liability	**44**	238
	37,162	28,877
CURRENT LIABILITIES		
Trade and other payables	**41,692**	51,052
Financial liabilities – borrowings	**1,634**	2,407
Tax payable	**-**	287
Provisions	**-**	546
Lease Liability	**181**	198
	43,507	54,490
TOTAL LIABILITIES	**80,669**	83,367
TOTAL EQUITY AND LIABILITIES	**137,788**	138,590

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2020

	Called up Share Capital £'000	Retained Earnings £'000	Share Premium £'000	Treasury Shares £'000	Employee Shares £'000	Total Equity £'000
Balance at 1 June 2019	8,760	19,888	25,134	(300)	298	**53,780**
Total comprehensive income	-	1,555	-	-	-	**1,555**
Transactions with owners						
Purchase of treasury shares	-	-	-	(10)	-	**(10)**
Dividends	-	(498)	-	-	-	**(498)**
Issue of share capital	139	-	226	-	-	**365**
Value of employee services	-	-	-	-	31	**31**
Reclassification of Employee Shares	-	329	-	-	(329)	**-**
Balance at 31 May 2020	**8,899**	**21,274**	**25,360**	**(310)**	**-**	**55,223**
Total comprehensive income	-	1,777	-	-	-	**1,777**
Transactions with owners						
Purchase of treasury shares	-	-	-	(480)	-	**(480)**
Issue of share capital	353	-	183	-	-	**536**
Value of employee services	-	-	-	-	63	**63**
Balance at 31 May 2021	**9,252**	**23,051**	**25,543**	**(790)**	**63**	**57,119**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2021

	2021	2020
Cash generated from operations	**£'000**	£'000
Profit before tax	**2,020**	2,020
Depreciation & amortisation charges	**754**	883
Finance costs	**165**	181
Finance income	**(3)**	(9)
Decrease in inventory	**-**	-
Decrease in trade and other receivables	**6,787**	18,947
(Decrease) in trade and other payables	**(4,248)**	(17,677)
Movement in other non-cash items	**745**	612
	6,220	4,957
Cash flows from operating activities		
Interest Paid	**(165)**	(181)
Tax paid	**(397)**	(1,488)
Net cash from operating activities	**5,658**	3,288
Cash flows from investing activities		
Acquisition of subsidiaries	**-**	(500)
Purchase of software, property, plant & equipment	**(314)**	(375)
Contingent consideration paid	**(197)**	(565)
Interest received	**3**	9
Net cash from investing activities	**(508)**	(1,431)
Cash flows from financing activities		
Payment of lease liabilities	**(213)**	(218)
Loan repayments in year	**(635)**	(991)
Loans issued in year	**4,100**	-
Change in overdrafts (Invoice Finance)	**(869)**	(349)
Equity dividends paid	**-**	(498)
Net cash from financing activities	**2,383**	(2,056)
Increase/(decrease) in net cash and cash equivalents	**7,533**	(199)
Net cash and cash equivalents at beginning of year	**132**	331
Net cash and cash equivalents at the end of the year	**7,665**	132

1. **ACCOUNTING POLICIES**

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

2. **SEGMENTAL REPORTING**

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

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

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

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

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

For the year ended 31 May 2020	Asset Finance £’000	Vehicle Finance £’000	Loan Finance £’000	Invoice Finance £’000	Other £’000	Total £’000
CONTINUING OPERATIONS						
Revenue	15,540	3,032	2,484	8,265	9	**29,244**
Cost of sales	(8,479)	(1,460)	(1,520)	(1,860)	-	**(13,319)**
GROSS PROFIT	6,975	1,572	964	6,405	9	**15,925**
Administrative expenses	(4,828)	(1,421)	(834)	(3,183)	(2,527)	**(12,793)**
Exceptional items	(104)	(10)	(76)	(22)	(697)	**(909)**
Share-based payments	(31)	-	-	-	-	**(31)**
OPERATING PROFIT	2,012	141	54	3,200	(3,215)	**2,192**
Finance costs	(134)	(4)	-	(8)	(35)	**(181)**
Finance income	7	-	-	2		**9**
PROFIT BEFORE INCOME TAX	1,885	137	54	3,194	(3,250)	**2,020**
Intra-group recharges	(1,718)	(337)	(276)	(919)	3,250	**-**
PROFIT BEFORE INCOME TAX	167	(200)	(222)	2,275	**-**	**2,020**

Adjusted earnings before interest, tax, exception items and share-based payments	2,020	147	130	3,216	(2,553)	**2,960**
Exceptional items	(104)	(10)	(76)	(22)	(697)	**(909)**
Share-based payments	(31)	-	-	-	-	**(31)**
PROFIT BEFORE INCOME TAX	1,885	137	54	3,194	(3,250)	**2,020**

3. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	2021 £’000	2020 £’000
Depreciation - owned assets	**530**	684
Amortisation - computer software	**224**	199
Net credit loss charge	**1,733**	3,777
Funding facility interest charges	**2,777**	3,828
Introducer commissions	**2,881**	3,884
Fees payable to the Company’s auditor for audit of Company’s subsidiaries	**72**	71
Fees payable to the Company’s auditor for the audit of the Company	**13**	13
Fees payable to the Company’s auditor for non-audit services	**-**	23
Fees payable to the Company’s auditor as associate on valuation work	**-**	6

4. **DIVIDENDS**

	2021	2020
	£'000	£'000
Ordinary shares £0.10 each		
Final	**-**	498
Interim	**-**	-
Total	**-**	**498**

The Company confirmed that the 2019 interim dividend that was deferred as a result of the pandemic will not be paid and that while cash resources are being deployed to business growth at the current time, future dividends will be kept under review.

5. **EARNINGS PER SHARE**

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

2021

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

2020

	Earnings £'000	**Weighted average number of shares**	**Per-share amount pence**
Basic EPS			
Earnings attributable to ordinary shareholders	1,555	88,627,630	1.76
Effect of dilutive securities			
LTIP options and contingent consideration	-	715,602	(0.02)

Diluted EPS

Adjusted earnings	1,555	89,343,232	1.74

6. **PUBLICATION OF NON-STATUTORY ACCOUNTS**

The financial information set out in this announcement does not comprise the Group's statutory accounts for the years ended 31 May 2021 and 31 May 2020. The financial information has been extracted from the statutory accounts of the Group for the years ended 31 May 2021 and 31 May 2020.

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

The statutory accounts for the year ended 31 May 2020 have been delivered to the Registrar of Companies. Those for the year ended 31 May 2021 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

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

The Annual Report and Accounts will be available from the Company's website, www.timefinance.com, from 21 September 2021. Notice of the Annual General Meeting, which will be held at the Apex City of Bath Hotel, James Street West, Bath, BA1 2DA on 21 October 2021 at 9am, will be posted to Shareholders.