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TruFin PLC
15 March 2023

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TruFin plc

("TruFin" or the "Company" or together with its subsidiaries "TruFin Group" or the "Group")

FINAL RESULTS FOR THE 12 MONTHS ENDED 31 DECEMBER 2022

Full year results highlight direction of travel

TruFin is pleased to announce its audited results for the 12 months ended 31 December 2022. TruFin's complete annual report and accounts, which set out these results in full detail with accompanying commentary, are now available on TruFin's website: www.Trufin.com/investors.

Financial Highlights

- Gross revenues grew 23% to £16.1m (2021: £13.1m) driven by significant revenue growth from three out of four subsidiaries
- Recurring software and licensing fees represented 84% of revenue (2021: 87%)
- Gross profit margin grew to 69% (2021: 53%)
- Loss Before Tax ("LBT") was £8.0m (2021: £8.4m)
- Cash and cash equivalents at year end totalled £10.3m (£3.9m unrestricted)

Company Highlights

- Oxygen Finance Limited ("Oxygen") EBITDA increased 62% to £1.1m (2021: £0.7m)
- Satago Financial Solutions Limited ("Satago") grew revenues by more than 350% to £2.2m (2021: £0.5m) after its platform was chosen to support invoice factoring solutions for Lloyds Bank plc ("Lloyds Bank" or the "Bank") customers
- Playstack Limited ("Playstack") acquired Magic Fuel Games Inc. ("Magic Fuel") and signed a concurrent technology contract with a global technology platform
- Vertus Capital Limited ("Vertus") grew its loan book by 38% and revenues by 61% to £2.2m (2021: £1.4m)

Current Trading and Prospects

- Group revenues in January 2023 were not less than £0.98m (unaudited), growing 26% compared to January 2022
- Oxygen Q1 revenues to date have experienced double digit growth when compared to the same period in 2022
- Satago delivered the trial phase to Lloyds Bank for a digitised end-to-end invoice finance solution
- Playstack has secured more than 5 games for release throughout 2023
- Vertus's pipeline remains strong. Despite early loan settlements dragging on loan book growth, revenues in January 2023 were up 83% versus January 2022

James van den Bergh, TruFin CEO, said:

"2022 was a significant year for the Group. Satago secured a landmark contract and £5m equity investment from Lloyds, and soon after signed an embedded finance and package deal with Sage. To win such headline contracts in just 12 months is testament to the quality of the offering Sinead McHale and her team have built and gives shareholders a taste of what the future holds.

Oxygen, managed by Ben Jackson, yet again grew its client base, revenues and EBITDA. Oxygen's key internal initiatives include helping clients to purchase multiple products; it is thus very pleasing to note that more clients than ever chose to purchase two or more products during 2023. We expect this trend to continue. At the point of value crystallisation, given its significant and growing embedded revenue base, we felt justified in rejecting the unsolicited bid for Oxygen in December 2022.

Meanwhile, 2023 is an important year for Playstack. Company CEO Harvey Elliot has secured an eye-catching and enviable line up of games and is looking to demonstrate the embedded value he has created in recent years.

As always, Vertus is benefitting from the IFA market trend for consolidation and continues to be skilfully managed by Matt Marais.

We are excited by the future and the opportunities that lie ahead and look forward to another year of significant progress."

Enquiries:

TruFin plc

James van den Bergh, Chief Executive Officer	0203 743 1340
Kam Bansil, Investor Relations	07779 229508

Liberum Capital Limited (Nominated Adviser and Corporate broker)

Chris Clarke	
Edward Thomas	0203 100 2000

About TruFin plc:

TruFin plc is the holding company of an operating group comprising four growth-focused technology businesses operating in niche markets: early payment provision, invoice finance, IFA finance and mobile games publishing. The Company was admitted to AIM in February 2018 and trades under the ticker symbol: TRU. More information is available on the Company website: www.TruFin.com.

Chair's Statement

I have great pleasure in presenting this year's Annual Report and Accounts. It has been another year of very positive developments for the Group's businesses despite the unfavourable macro-economic headwinds that have once again dominated the last 12 months.

After more than a decade of monetary accommodation and historically low interest rates, there has been a sea change in the economic and financial climate. The economic legacy of Covid-19 has been high inflation, as recovering demand coincided with disrupted supply chains - exacerbated by rapid commodity price rises due to the war in Ukraine. In response, central banks have pushed up interest rates and withdrawn or reversed quantitative easing.

Although the market environment is unlikely to get easier anytime soon, I am proud to say that the Group is continuing on its growth trajectory and I am certain that the commitment and determination of our employees will enable the Group to skilfully navigate this more unpredictable environment, just as 2021 and 2022 saw TruFin prosper.

As anticipated in my statement last year, 2022 has been a year of considerable growth for three out of four of our subsidiaries, alongside landmark contracts and consolidation across the Group. We head into 2023 set for further progress across multiple fronts.

The foundations for the Group's success were laid in previous years, with the Group's value-creating shareholder restructure following the sale of Arrowgrass' stake, a successful pivot towards recurring software sales and licensing fees and a sustained relentless focus on exemplary client service. These accomplishments paved the way for an ambitious set of goals in 2022, which I am happy to report have in the main been met, and allowed us to set ever more challenging goals for 2023 and beyond.

Chief among TruFin's aims for the year was to see Satago selected by Lloyds Bank plc ("Lloyds Bank" or the "Bank") as vendor of choice to support its delivery of invoice financing - this was achieved by early March. The same month saw the Group fulfil a second key goal: strengthening its balance sheet with an oversubscribed placing. These achievements sit alongside organic growth and development across our businesses, positioning us for a profitable future and increased value creation for shareholders.

Highlights for 2022 include:

- Satago signing landmark contracts with Lloyds Bank, to help deliver invoice financing, and Sage, the leading small and mid-sized business software provider, to embed Satago services in certain products in the UK and Ireland
- Oxygen delivering another year of profitable growth and making its first dividend payment (of £0.25m) to the Group
- Playstack acquisition and successful integration of Magic Fuel Games Inc ("Magic Fuel"), a remote games development studio based in San Francisco, USA
- Vertus recording its second full year of profitability whilst growing its loan book to £21.4m and increasing its revenues by 60% to £2.2m.
- TruFin raising £10m via an oversubscribed placing and open offer to existing and new shareholders

As I look back over a turbulent few years, I am once again struck by the remarkable resilience of TruFin and its subsidiaries while facing a global pandemic and ongoing macro-economic uncertainty. The Group itself saw revenues increase by more than 23% last year, evidencing solid fundamentals underpinned by robust cost controls and significant strategic progression.

The close of 2022 saw perhaps the clearest demonstration yet of the value of - and shareholder belief in - our proposition. In late December, TruFin's Board rejected a £26m indicative offer for Oxygen, judging that it undervalued the business and its prospects. It is immensely satisfying to see the hard work, vision and execution of the Group recognised in this way and I have no doubt that we will see further similar demonstrations in 2023 and beyond.

As ever, I look forward to updating shareholders on our continued progress throughout the year and my thanks go to all our employees and shareholders, new and old, for their continued support.

Steve Baldwin

Chair

CEO's Review

As our Chair has highlighted, 2022 was a year of important structural development for TruFin.

Despite the macroeconomic headwinds and challenging inflationary pressures, our subsidiaries grew their customer bases significantly, strengthened their partnerships and have positioned themselves for an exciting 2023 and beyond.

At our inaugural Capital Markets Day in October, we laid out our medium-term vision for growth and sustainable profitability. With a medium-term revenue target of £80-100m coupled with attractive EBITDA margins, we are confident we will deliver significant value to our shareholders.

It is also important to highlight that a key Group objective is to create a stable environment for our subsidiaries, never more so than amid a global liquidity crisis and ongoing interest rate uncertainty. The success of our £10m placing and open offer in April 2022, supported by 17 institutional shareholders, emphasises TruFin's strong institutional shareholder backing. This ensures that our subsidiaries are enviably well-placed to consolidate their market leading positions in the years ahead.

2022 Group performance

Another Group strategic objective is to reorientate income so that the majority comes from predictable and repeatable sources. In 2022, 84% of Group revenues came from fee and recurring software and licencing fees with our capital light model positioning us to generate the high EBITDA margins and return on equity that other software-as-a-service ("SaaS") businesses enjoy.

Overall Group revenues increased by 23% in 2022. Within this, Satago enjoyed revenue growth of more than 350% as a result of income generated from contract wins with Lloyds Bank and Sage. Vertus and Oxygen also grew strongly - 61% and 28% respectively - continuing to follow their profitable growth trajectory. Playstack meanwhile consolidated its position during the year; revenues declined 11% due to the previously announced delay of a key console game release. The rescheduled game launch is not expected to impact the financial support that Playstack requires from TruFin.

The Group ended the year with a cash balance of £10.3m (including cash of £5.6m in Satago and £0.8m in Vertus which are not 100% owned).

Current trading and prospects

TruFin has meaningful targets for 2023 and Group revenues for January 2023 were not less than £0.98m (unaudited), a 26% increase over the same period in 2022.

The Group remains focused on delivering growth, profitability and value crystallisation and is excited by the significant opportunities that lie ahead.

Outlook

During 2022 the Group successfully completed several key transactions, positioning ourselves to weather the global macroeconomic storms. In this environment, global liquidity has dried up and other market participants are now acting more rationally. As others are forced to scrutinise their business models more carefully, TruFin will continue to plough its own course. We have steered two of our four businesses towards profitability, with a third anticipated to do the same during 2023.

The Board's rejection of an unsolicited offer for Oxygen is a sign of TruFin's strength. As others realise the embedded value and barriers to entry within our businesses we expect to see further interest and at the appropriate time expect to be rewarding our shareholders with value-creating transactions.

We have intentionally invested in building lasting relationships with our partners and we are beginning to see the fruits of these investments. We work closely with local councils, FTSE100 companies and global technology platforms - delivering software, services and products to help meet their strategic requirements. The investments we have made are paying off and will generate significant shareholder returns in the future.

My annual 'thank you' to our shareholders is made on behalf of the Board, our employees, partners and all stakeholders for their support and faith during these turbulent times. I would also like to take the opportunity to welcome Anders Wilhelmsen as a non-executive director. His presence and expertise have proved invaluable additions to the Board since his appointment in February 2022.

As always, there is a lot to do and a pile of wood to chop in 2023, but we are brimming with confidence and look forward to the opportunities that lie ahead.

James van den Bergh

Chief Executive Officer

OXYGEN REVIEW

2022 performance

Oxygen delivered revenues of £5.3m, up 28% (2021: £4.1m), with the increase driven by strong performance across all principal revenue streams. This helped increase EBITDA profits by 62% to £1.1m (2021: £0.7m).

Strong trading and working capital controls enabled Oxygen to generate positive free cashflow - with no Group funding required - and subsequently pay TruFin a maiden dividend of £0.25m.

New business continued to progress well; combined trade-spending by Oxygen's early payment clients increased by £0.3bn, totalling a record £24bn. Oxygen's SaaS product portfolio also expanded, with new products creating incremental revenue. Over 27% of Oxygen's local authority Early Payment Programme clients also committed to at least one Oxygen SaaS subscription.

The average Early Payment Programme client tenure, a measure of customer loyalty and Oxygen's success in renewing contracts, reached 6.6 years at the end of 2022 (2021: 5.8 years), adding to Oxygen's recurring revenue streams.

Early Payment Programme clients committed £1.1bn in spending to more than 4,000 suppliers during 2022 (2021: £878m). New spend added during the year hit a record £330m (2021: £267m), 24% higher than the prior year.

Oxygen's position as a financial technology company delivering social value strengthened significantly. Throughout 2022 more than 8,000 small businesses within Oxygen clients' local communities received over £0.5bn in early payments - at no cost to the client. And together with EY, Oxygen continued to develop its Carbon Reporting tool which helps councils understand the carbon footprint of their supply chains.

Current trading and prospects

Indications from initial trading in 2023 are strong with double digit growth for recurring revenue streams continuing.

Continued economic volatility makes Oxygen's products increasingly attractive; early payment solutions are increasing relevant to our clients and their suppliers. Similarly, business development opportunities identified by our SaaS offer are increasingly in demand from clients seeking public sector insight.

Interest from new early payment clients is strong, with several contracts expected to be signed in Q1 2023. Equally major new client features added to SaaS products in the second half of 2022 are rated by existing clients and have generated strong market interest.

SATAGO REVIEW

2022 performance

Following conclusion of a commercial pilot and competitive process, Satago was selected by Lloyds Bank (the "Bank") to deliver a new digitised invoice financing platform for its UK customers..

Additionally, the Bank made a strategic investment of £5m in Satago at a post-money valuation of £25m.

Satago hit numerous delivery milestones for the Lloyds Bank contract throughout the year, culminating in completing the trial phase of its fully digitised end-to-end invoice finance solution for the Bank in early 2023. The Bank is now testing the digitised proposition ahead of customer onboarding, expected in due course.

In June Satago signed a Letter of Intent with Sage Group ("Sage") and Lloyds, introducing a significant partner to work alongside Satago and the Bank.

These major contract wins coupled with a continued pivot towards Lending-As-A-Service ("LaaS") saw revenues increase by over 350% to £2.2m (2021 :£0.5m).

Current trading and prospects

Early 2023 has been dominated by continued work with existing and prospective LaaS clients and Embedded Finance partnerships. This has culminated in the delivery of the trial phase of Satago's fully digitised end-to-end invoice finance solution with Lloyds Bank.

Meaningful progress with the Embedded Finance offering has resulted in a deepening of the relationship with Sage and a signed statement of work to embed Satago's invoice finance service into Sage 50, which launched in Q1 2023. Satago also extended the agreement to provide Satago to certain Sage 50 users as part of a subscription package offering to the Irish market. Further extending Satago's core offerings of credit control and risk insights to help SMEs better manage their debtor book.

Satago has a growing pipeline of LaaS and Embedded Finance customers in the UK and Europe.

Demand for Satago's own loan book offering increased during the first two months of 2023.

PLAYSTACK REVIEW

2022 performance

Alongside the acquisition of Magic Fuel Games Inc ("Magic Fuel"), and the concurrent signing of a contract with a global technology platform, Playstack announced a delay to a key console game title which stunted the company's annual growth.

Despite the delay, Playstack's existing games portfolio once again contributed more than 50% of games revenue in 2022, through strong catalogue management and platform partnerships.

Given the success of 'Magnitude', a proprietary sourcing technology, in supporting the discovery of new games, the Board has focused resources on further developing this tool, which is now surfacing over 80% of all new game titles.

Playstack launched two new titles during 2022: The Case of the Golden Idol and The Entropy Centre. Both games have received significant critical acclaim, with The Case of the Golden Idol earning a BAFTA Nomination for best Debut Game, and also being shortlisted for the prestigious Seumas McNally Grand Prize at the annual Independent Game Festival Awards in San Francisco.

In 2023 Playstack is focusing on game ecosystems and will publish two new games with an extended life well beyond their launch. This strategy aims to extend revenue predictability and establish new, longer-lasting partnerships with platform holders.

Playstack is well-placed to expand its game portfolio in 2023 and beyond.

Current trading and prospects

Playstack's console portfolio will be further extended in 2023, with expansions to existing games and two new titles set for release, plus an increasingly strong pipeline of titles for 2024 and beyond.

The mobile portfolio centres on six key titles for 2023, including the ongoing delivery of the technology contract by Magic Fuel.

Back-book games remain a key component of future revenue modelling, with an increased focus on higher quality, longer-duration titles.

2023 is expected to be a transformative year for the business, with expectations of profitability on a full-year basis with revenue derived from a diverse range of games.

VERTUS REVIEW

2022 performance

New loan facilities closed during 2022 increased by 81% to £15.2m (2021: £8.4m), resulting in interest income increasing by 61% to £2.2m (2021: £1.4m).

Active facilities increased from 21 to 31 inclusive of two early settlements. Overall loan book increased by 38% to £21.4m (2021: £15.6m).

No defaults or impairments were recorded across the book for the sixth consecutive year. Increased market demand for IFAs and ongoing consolidation ensures the value of security over IFAs remains strong.

Current trading and prospects

Ongoing consolidation in the IFA market is fuelling demand for funding, positioning Vertus well for further growth, as the only specialist capital provider to the IFA sector. Furthermore, IFAs continue to experience new-client enquiries and organic growth, improving their top-line performance. We expect the change in strategy to lend whole-of-market to continue to benefit demand for capital in the coming year.

Offsetting the secular consolidation trends, the impact of higher interest rates and increased competition in the broader market environment, has spilled over from 2022 into 2023, challenging loan book growth.

Early settlements remain a risk to overall loan book growth, driven by higher cost of capital, customers being sold to consolidators and alternative lenders and banks entering the market to fund larger deals. However, our focus remains on the smaller end of the deal market and, although loan book growth may slow, we still foresee steady demand to fund acquisitions and MBOs in this space.

Lead times for closing facilities improved during the last quarter, indicating a possible improvement in FCA processing times. This will assist in reducing deal cycles and improving closing rates in the pipeline.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022 £'000	2021 £'000
Interest income	3	2,619	1,681
Fee income	3	7,183	4,330
Publishing income	3	6,317	7,104
Gross revenue		**16,119**	**13,115**
Interest, fee and publishing expenses		(5,075)	(6,214)
Net revenue		**11,044**	**6,901**
Staff costs	5	(12,609)	(11,285)
Other operating expenses		(4,810)	(3,257)
Depreciation & amortisation		(1,596)	(794)
Net impairment on financial assets	7	(50)	10
Share of profit from associates		1	3
Loss before tax		**(8,020)**	**(8,422)**
Taxation	2, 9	1,214	986
Loss for the year		**(6,806)**	**(7,436)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		(65)	(39)
Other comprehensive income for the year, net of tax		**(65)**	**(39)**
Total comprehensive loss for the year		**(6,871)**	**(7,475)**
Loss for the year attributable to:			
Owners of TruFin plc		(6,637)	(7,071)
Non-controlling interests		(169)	(365)
		(6,806)	**(7,436)**
Total comprehensive loss for the year attributable to:			
Owners of TruFin plc		(6,704)	(7,112)
Non-controlling interests		(167)	(363)
		(6,871)	**(7,475)**

Earnings per Share

	Notes	2022 pence	2021 pence
Basic and Diluted EPS	22	(7.3)	(8.7)

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022 £'000	2021 £'000
Revenue	3	**2,293**	**2,126**
Staff costs	5	(1,673)	(1,911)
Other operating expenses		(660)	(624)
Depreciation & amortisation		(2)	-
Loss before tax		**(42)**	**(409)**

	Notes		
Taxation	9	-	-
Loss and total comprehensive income for the year		**(42)**	**(409)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2022 £'000	2021 £'000
Assets			
Non-current assets			
Intangible assets	10	24,411	21,191
Property, plant and equipment	11	345	65
Deferred tax asset	9	250	303
Loans and advances	13	15,016	11,575
Total non-current assets		**40,022**	**33,134**
Current assets			
Cash and cash equivalents		10,273	7,608
Loans and advances	13	9,145	4,558
Interest in associate		4	3
Trade receivables	14	2,149	2,585
Other receivables	14	3,899	2,840
Total current assets		**25,470**	**17,594**
Total assets		**65,492**	**50,728**
Equity and liabilities			
Equity			
Issued share capital	15	85,706	73,548
Retained earnings		(24,884)	(17,731)
Foreign exchange reserve		(63)	4
Other reserves		(26,531)	(24,393)
Equity attributable to owners of the company		**34,228**	**31,428**
Non-controlling interest	19	5,876	1,023
Total equity		**40,104**	**32,451**
Liabilities			
Non-current liabilities			
Borrowings	16	16,764	11,351
Total non-current liabilities		**16,764**	**11,351**
Current liabilities			
Borrowings	16	1,783	1,634
Trade and other payables	17	6,841	5,292
Total current liabilities		**8,624**	**6,926**
Total liabilities		**25,388**	**18,277**
Total equity and liabilities		**65,492**	**50,728**

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2022 £'000	2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	4	-
Investments in subsidiaries	12	30,189	30,189
Amounts owed by group undertakings		54,835	46,919
Total non-current assets		**85,028**	**77,108**
Current assets			
Cash and cash equivalents		2,260	786
Trade and other receivables	14	138	144
Total current assets		**2,398**	**930**
Total assets		**87,426**	**78,038**

Equity and liabilities			
Equity			
Issued share capital	15	85,706	73,548
Retained earnings		(6,042)	(5,504)
Other reserves		6,828	8,966
Total equity		**86,492**	**77,010**
Liabilities			
Current liabilities			
Trade and other payables	17	934	1,028
Total current liabilities		**934**	**1,028**
Total liabilities		**934**	**1,028**
Total equity and liabilities		**87,426**	**78,038**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 2022	**73,548**	**(17,731)**	**4**	**(24,393)**	**31,428**	**1,023**	**32,451**
Loss for the year	-	(6,637)	-	-	(6,637)	(169)	(6,806)
Other comprehensive income for the year	-	-	(67)	-	(67)	2	(65)
Total comprehensive loss for the year	**-**	**(6,637)**	**(67)**	**-**	**(6,704)**	**(167)**	**(6,871)**
Issuance of shares	12,158	(496)	-	(2,138)	9,524	-	9,524
Issuance of shares by subsidiary	-	(20)	-	-	(20)	5,020	5,000
Balance at 31 December 2022	**85,706**	**(24,884)**	**(63)**	**(26,531)**	**34,228**	**5,876**	**40,104**
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**

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, the share revaluation reserve and shares issued at a discount.

The merger reserve arose as a result of combining businesses that are under common control. As at 31 December 2022 it was a debit balance of £33,358,000 (2021: £33,358,000)

The share revaluation reserve arose from the share cancellation that took place in February 2018. As at 31 December 2022 its balance was £8,966,000 (2021: £8,966,000).

Shares issued at a discount arose from the share issuance that took place in April 2022. As at 31 December 2022 its balance was £2,138,000 (2021: £nil). See Note 15 for further information.

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

	Share capital £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000

Balance at 1 January 2022	**73,548**	**(5,504)**	**8,966**	**77,010**
Total comprehensive loss for the year	-	(42)	-	(42)
Issuance of shares	12,158	(496)	(2,138)	9,524
Balance at 31 December 2022	**85,706**	**(6,042)**	**6,828**	**86,492**
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**

CONSOLIDATED STATEMENT OF CASH FLOWS

		2022 £'000	2021 £'000
Cash flows from operating activities			
Loss before tax		(8,020)	(8,422)
Adjustments for			
Depreciation of property, plant and equipment		108	96
Amortisation of intangible assets		2,377	1,571
Share based payments		-	70
Finance costs		974	659
Share of profit from associate		(1)	(3)
Loss on disposal of Fixed Assets		-	2
Loss on intragroup transfer of subsidiary		-	2
		(4,562)	**(6,025)**
Working capital adjustments			
Movement in Loans and advances		(8,029)	(1,472)
Increase in trade and other receivables		(34)	(720)
Increase/(Decrease) in trade and other payables		60	(1,735)
Net payables on acquisition of subsidiary		(67)	-
		(8,070)	**(3,927)**
Tax credit received/(paid)		668	(2)
Interest and finance costs paid		(777)	(716)
Net cash used in operating activities		**(12,741)**	**(10,670)**
Cash flows from investing activities:			
Additions to intangible assets		(3,159)	(1,779)
Additions to property, plant and equipment		(113)	(24)
Acquisition of subsidiaries		(1,217)	-
Cash on acquisition of subsidiary		19	-
Net cash used in investing activities		**(4,470)**	**(1,803)**
Cash flows from financing activities:			
Issue of ordinary share capital		9,524	-
Issue of ordinary share capital of subsidiary		5,000	148
Net borrowings	16	5,370	2,353
Lease payments		(28)	(99)
Net cash generated from financing activities		**19,866**	**2,402**
Net increase/(decrease) in cash and cash equivalents		**2,655**	**(10,071)**
Cash and cash equivalents at beginning of the year		7,608	17,728
Effect of foreign exchange rate changes		10	(49)
Cash and cash equivalents at end of the year		**10,273**	**7,608**

COMPANY STATEMENT OF CASH FLOWS

	2022 £'000	2021 £'000
Cash flows from operating activities		
Loss before income tax	(42)	(409)
Adjustments for:		
Depreciation of property, plant and equipment	2	-

Depreciation of property, plant and equipment	2	
Interest income	(2,166)	(2,008)
Share based payments	-	70
	(2,206)	**(2,347)**
Working capital adjustments		
Decrease in trade and other receivables	6	513
Decrease in trade and other payables	(94)	(114)
	(88)	**399**
Net cash generated used in operating activities	**(2,294)**	**(1,948)**
Cash flows from investing activities		
Intragroup loans cash (advanced)/received	(5,750)	2,156
Additions to property, plant and equipment	(6)	-
Net cash generated (used in)/from investing activities	**(5,756)**	**2,156**
Cash flows from financing activities		
Issue of ordinary share capital	9,524	-
Net cash generated from financing activities	**9,524**	**-**
Net increase in cash and cash equivalents	**1,474**	**208**
Cash and cash equivalents at beginning of the year	786	578
Cash and cash equivalents at end of the year	**2,260**	**786**

NOTES TO THE CONSOLIDATED 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".

The principal activities of the Group are the provision of niche lending, early payment services and 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

Entities	Incorporation	Registered address	Business	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") (together with Satago SPV 1, Satago SPV 2 and Satago Poland) ("Satago Group")	UK	120 Regent Street, London, United Kingdom, W1B 5FE	Provision of short term finance	72% of ordinary shares*
Satago SPV 1 Limited ("Satago SPV 1")	UK	120 Regent Street, London, United Kingdom, W1B 5FE	Provision of short term finance	72% of ordinary shares*
Satago SPV 2 Limited ("Satago SPV 2")	UK	120 Regent Street, London, United Kingdom, W1B 5FE	Provision of short term finance	72% of ordinary shares*
Satago z.o.o (Satago Poland)	Poland	32-023 Krakow ul. Sw. Krzyza 19/6 Poland	Provision of short term finance	72% 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% 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% 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% of ordinary shares**
TruFin Software Limited ("TSL")	UK	120 Regent Street, London, United Kingdom, W1B 5FE	Provision of technology services	100% of ordinary shares
AltLending UK Limited ("AltLending")	UK	120 Regent Street, London, United Kingdom, W1B 5FE	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
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
Magic Fuel Inc ("Magic Fuel")	USA	5424 Sunol Blvd Ste 10 PMB 1021, Pleasanton, CA 94566-7705	Game developer	100% of ordinary shares

*See Note 19 for the Group's effective economic ownership of the Satago Group.

** Nominal ownership of these companies is 87.5% 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.

*** 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 (application to strike off made on 23 January 2023)
- A 27% interest in Storm Chaser Games Limited ("Storm Chaser Games")

On 22 March 2022, Porge Ltd, a company 100% owned by OFGL was dissolved.

Principal accounting policies

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, 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.

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 Oxygen 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 are in line with contractual agreements and relate to Lending as a Service projects.

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 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.

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.

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.

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 advances 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 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.

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 CGU 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 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.

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

At the inception of a contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meet the definition of an investment property) are presented within "Property, plant and equipment".

Right of use assets which meet the definition of property, plant and equipment are presented with and accounted for in accordance the this policy.

Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the borrower shall use its incremental borrowing rate.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

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.

Note 18 presents the carrying amounts of the Expected Credit Losses in further detail.

Impairment of Intangibles

The Group is required to test, whether intangible and tangible assets have suffered any impairment based on the recoverable amount of its CGUs, when there are indicators for impairment. Determining whether an impairment has occurred requires an estimation of the value in use of the CGU to which these assets are allocated. Key sources of estimation uncertainty in the value in use calculation include the estimation of future cash flows of the CGU affected by expected changes in underlying revenues and direct costs, and administration costs through the forecast period, the long-term growth rates and a suitable discount rate to apply to the aforementioned cash flows in order to calculate the net term growth rates and a suitable discount rate to apply to the aforementioned cash flows in order to calculate the net present value. Further information regarding the assumptions used in the calculations have been provided in Note 10.

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	2022 £'000	2021 £'000
Revenue		
Interest income	2,619	1,681
Total interest income	**2,619**	**1,681**
EPPS contracts	3,335	2,536
Consultancy fees	597	436
Implementation fees	1,644	70
Subscription fees	1,607	1,288
Total fee income	**7,183**	**4,330**
IAP revenue	342	428
Advertising revenue	453	378
Console revenue	5,521	6,285
Brand revenue	1	13
Total publishing income	**6,317**	**7,104**
Gross revenue	**16,119**	**13,115**

Company	2022 £'000	2021 £'000
Intercompany interest income	2,166	2,008
Intercompany fee income	118	118
Other interest income	9	-
Gross revenue	**2,293**	**2,126**

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 2022	Short term finance £'000	Payment services £'000	Publishing £'000	Other £'000	Total £'000
Gross revenue	4,469	5,311	6,330	9	16,119
Cost of sales	(1,153)	(889)	(3,033)	-	(5,075)
Net revenue	**3,316**	**4,422**	**3,297**	**9**	**11,044**

Adjusted loss before tax*	(3,879)	(220)	(1,569)	(2,352)	(8,020)
Loss before tax	(3,879)	(220)	(1,569)	(2,352)	(8,020)
Taxation	218	395	601	-	1,214
(Loss)/profit for the year	(3,661)	175	(968)	(2,352)	(6,806)
Total assets	34,200	8,258	20,407	2,627	65,492
Total liabilities	(19,747)	(1,792)	(2,911)	(938)	(25,388)
Net assets	14,453	6,466	17,496	1,689	40,104

*adjusted loss before tax excludes share-based payment expense

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

The majority of the Group's activities (98% of revenues) are within the UK, with 2% earned in USA and 0% in Europe.

5. Staff costs

Analysis of staff costs:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	10,365	9,011	1,384	1,440
Consulting costs	379	395	-	19
Social security costs	1,411	1,409	251	355
Pension costs arising on defined contribution schemes	454	428	38	27
Share based payment	-	70	-	70
Government grants	-	(28)	-	-
	12,609	11,285	1,673	1,911

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:

	2022 Number	2021 Number
Management	17	16
Finance	10	7
Sales & marketing	30	23
Operations	78	36
Technology	43	54
	178	136

Directors' emoluments

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

	2022 Number	2021 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	Bonus	Pension and Benefits	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000
Executive Directors:					
J v d Bergh	256	220	9	485	465
	256	220	9	485	465

	Salary	Bonus	Pension and Benefits	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000
Non-executive Directors:					
S Baldwin	100	-	-	100	100
P Judd	70	-	-	70	70
P Dentskevich	60	-	-	60	50
A Wilhelmsen	-	-	-	-	-
	230	-	-	230	220

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:

	2022 £'000	2021 £'000
Performance Share Plan and Joint Share Ownership Plan Founder Award	-	59
Performance Share Plan Market Value Award	-	11
Performance Share Plan 2019 Award	-	-
Performance Share Plan 2018 Award	-	-
Total	-	70

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

The final 25% of Founder Awards held by James van den Bergh vested on 22 February 2022 when the share price was £0.81. As a result, 395,558 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.

Performance Share Plan 2018 Award ("PSP 2018 Award")

The unvested performance conditions of this award had not been met at the end of the vesting period.

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

The performance conditions of this award had not been met at the end of the vesting period .

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 2022	395,558	1,566,255	4,868,420
Granted during the year	-	-	-
Vested during the year	(395,558)	-	-
Exercised during the year	-	-	-
Outstanding at 31 December 2022	**-**	**1,566,255**	**4,868,420**
Exercisable at 31 December 2022		**1,566,255**	**-**

*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 2022	263,158	320,000
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	-	-
Cancelled during the year	-	-
Outstanding at 31 December 2022	**263,158**	**320,000**
Exercisable at 31 December 2022	**-**	**-**

No options expired during the year.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2022 was 5.21 years (2021: 6.21 years).

7. Net impairment loss on financial assets

	2022 £'000	2021 £'000
At 1 January	4	10
Charge for impairment loss	50	(10)
Amounts written off in the year	-	8
Amounts recovered in the year	-	(4)
At 31 December	**54**	**4**

At 31 December 2022, the Group had an impairment balance of £54,000 which was allocated against loans and advances. At 31 December 2021, all of the impairment balance was allocated against loans and advances.

The net impairment charge on financial assets during the year ended 31 December 2022 all related to loans and advances.

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

8. Loss before income tax

Loss before income tax is stated after charging:

	2022 £'000	2021 £'000
Depreciation of property, plant and equipment	108	96
Amortisation of intangible assets	2,377	1,571
Staff costs including share based payments charge	12,609	11,285

Fees payable to the Group's auditor (Crowe U.K. LLP)	2022 £'000	2021 £'000
Fees payable for the audit of the company's annual accounts	82	45
Fees payable for the audit of the company's subsidiaries	98	84
Total audit fees	**180**	**129**
Non audit services		
Other assurance services	14	13
Total non-audit fees	**14**	**13**

9. Taxation

Analysis of tax charge recognised in the period

	2022 £'000	2021 £'000
Current tax credit	(1,267)	(726)
Deferred tax charge/(credit)	53	(260)
Total tax credit	(1,214)	(986)

Reconciliation of loss before tax to total tax credit recognised

Group	2022 £'000	2021 £'000
Loss before tax	(8,020)	(8,422)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(1,524)	(1,600)
Tax effect of:		
Expenses not deductible	15	(223)
Depreciation in excess of capital allowances	253	395
Capital allowances	(318)	(187)
Other short term timing differences	1	(5)
R&D tax credit	(1,274)	(733)
Deferred tax not recognised	1,633	1,367
Total tax charge	(1,214)	(986)

Company	2022 £'000	2021 £'000
Loss before tax	(42)	(409)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(8)	(78)
Tax effect of:		
Expenses not deductible	24	32
Brought forward losses utilised	(15)	-
Other short term timing differences	(1)	-
Deferred tax not recognised	-	46
Total tax charge	-	-

In the Finance Bill 2022, the UK government 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 2022.

The deferred tax assets and liabilities at 31 December 2022 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	2022 £'000	2021 £'000
Balance at start of the year	303	43
(Charge)/credit to the statement of comprehensive income	(53)	260
Balance at end of the year	250	303
Comprised of:		
Losses	250	303
Total deferred tax asset	250	303

A deferred tax asset from losses in Vertus Capital Limited has been recognised, and has been used in the year against profits in Vertus Capital SPV 1 during the year. Unutilised tax losses in the remainder of the Group as at the reporting date were £83,102,000 (2021:£77,124,000).

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 2022	5,490	2,579	1,642	15,746	25,457
Additions	905	2,254	-	-	3,159
On Acquisition	-	3	1,595	823	2,421
Disposals	-	(75)	-	-	(75)
Exchange differences	4	12	-	-	16
At 31 December 2022	**6,399**	**4,773**	**3,237**	**16,569**	**30,978**
Amortisation					
At 1 January 2022	(1,607)	(1,181)	(1,070)	-	(3,858)
Charge	(889)	(977)	(511)	-	(2,377)
Disposals	-	75	-	-	75
Exchange differences	-	1	-	-	1
At 31 December 2022	**(2,496)**	**(2,082)**	**(1,581)**	**-**	**(6,159)**
Accumulated impairment losses					
At 1 January 2022	(408)	-	-	-	(408)
At 31 December 2022	**(408)**	**-**	**-**	**-**	**(408)**
Net book value					
At 31 December 2022	**3,495**	**2,691**	**1,656**	**16,569**	**24,411**
At 31 December 2021	3,475	1,398	572	15,746	21,191

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

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 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 2022 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 2022 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 2022 was £2,691,000 (2021: £1,398,000). This consists of cost of £4,773,000 (2021: £2,579,000) and accumulated amortisation of £2,082,000 (2021: £1,181,000). During the year there were additions of £2,254,000 (2021: £757,000) and amortisation of £977,000 (2021: £370,000).

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 (2021: £277,000) during the year. Net Book value of these assets at 31 December 2022 was £162,000 (2021: £439,000). Goodwill related to this transaction excluding these assets at 31 December 2022 was £1,372,000 (2021: £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 (2021: £51,000). Net Book value of these assets at 31 December 2022 was £81,000 (2021: £132,000). Goodwill related to this transaction excluding these assets at 31 December 2022 was £1,408,000 (2021: £1,408,000).

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.

Magic Fuel

On 6 June 2022, the Group acquired a 100% equity interest in Magic Fuel Inc ("Magic Fuel"). Goodwill of £2,417,000 arose from this transaction and was included within the publishing segment of the business. Following the acquisition , separately identifiable intangible assets of £1,595,000 relating to the Intellectual Property of the Games in development by Magic Fuel were recognised. These are being amortised over 5 years resulting in an amortisation charge of £181,000 during the year. Further details of the acquisition have been included in Note 20. Goodwill related to this transaction excluding these assets at 31 December 2022 was £823,000 (2021: £nil).

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 2027, a discount rate of 10% 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 2027, a discount rate of 15% 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 2027, a discount rate of 20% was used and terminal growth rate of 3%. Revenue growth was a key assumption and was based on Playstack's pipeline of games over the forecast period. This factors in a number of key projects with platforms and streaming partners. In some instances, revenue projections have been based on amounts outlined in agreed contracts in place with customers, whilst others have been based on progressive discussions with customers and historic sales for games of a similar nature. The valuation of Playstack was greater than the amount of goodwill and therefore the goodwill is not deemed to be impaired.

Magic Fuel was valued using the discounted cash flow methodology. It's net earnings along with revenues earned in the rest of the group related to this acquisition were forecasted to 2027, a discount rate of 20% was used and a terminal growth rate of 3%. The valuation of this CGU was greater than the value of goodwill and so was deemed not be impaired.

The impairment review of Playstack is most sensitive to a change in the planned revenue growth. A 47% reduction in this growth rate could give rise to an impairment charge.

No other reasonable change in the other assumptions set out in this note would result currently in an impairment charge.

11. Property, plant and equipment

Group	Fixtures & fittings £'000	Computer equipment £'000	Right-of-Use Asset £'000	Total £'000
Cost				
At 1 January 2022	53	78	429	560
Additions	86	27	276	389
Disposals	-	(9)	(429)	(438)
At 31 December 2022	**139**	**96**	**276**	**511**
Depreciation				
At 1 January 2022	(44)	(44)	(407)	(495)

Charge	(16)	(26)	(66)	(108)
Disposals	-	9	429	438
At 31 December 2022	**(60)**	**(62)**	**(44)**	**(166)**
Net book value				
At 31 December 2022	**79**	**34**	**232**	**345**
At 31 December 2021	9	34	22	65

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

Company	Computer equipment £'000	Right-of-use asset £'000	Total £'000
Cost			
At 1 January 2022	3	167	170
Additions	6	-	6
Disposals	-	(167)	(167)
At 31 December 2022	**9**	**-**	**9**
Depreciation			
At 1 January 2022	(3)	(167)	(170)
Charge	(2)	-	(2)
Disposals		167	167
At 31 December 2022	**(5)**	**-**	**(5)**
Net book value			
At 31 December 2022	**4**	**-**	**4**
At 31 December 2021	-	-	-

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	-	-	-

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 2022 and 31 December 2022	**30,189**
Balance at 1 January 2021 and 31 December 2021	30,189

13. Loans and advances

Group	2022 £'000	2021 £'000
Total loans and advances	24,215	16,137
Less: loss allowance	(54)	(4)
	24,161	**16,133**

The aging of loans and advances are analysed as follows:

	2022 £'000	2021 £'000
Neither past due nor impaired	23,875	16,062
Past due: 0-30 days	129	32
Past due: 31-60 days	77	10
Past due: 61-90 days	41	28
Past due: more than 91 days	39	1
	24,161	**16,133**

14. Trade and other receivables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade and other receivables	2,149	2,585	-	-
Prepayments	455	467	44	52
Accrued Income	890	385	-	-
VAT	-	-	11	33
Other debtors	2,554	1,988	-	5
Amounts due from Group Undertakings	-	-	83	54
	6,048	**5,425**	**138**	**144**

Trade receivables above are stated net of a loss allowance of £nil (2021: £nil). All receivables are due within one year.

The aging of trade receivables is analysed as follows:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Not yet due	1,960	2,182	-	-
Past due: 0-30 days	117	96	-	-
Past due: 31-60 days	6	88	-	-
Past due: 61-90 days	9	13	-	-
Past due: more than 91 days	57	206	-	-
	2,149	**2,585**	**-**	**-**

15. Share capital

Group and Company	Share Capital £'000	Total £'000
80,822,204 shares at £0.91 per share	**85,706**	**85,706**

On 12 April 2022, the Company issued 13,360,739 ordinary shares through a Placing and an Open Offer. These were issued at £0.75 per share, raising gross proceeds of £10,021,000. This was a discount to par value of £2,138,000, which has been included in Other Reserves in the Statement of Changes of Equity.

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 2022.

16. Borrowings

Group	2022 £'000	2021 £'000
Loans due within one year	1,783	1,634
Loans due in over one year	16,764	11,351
	18,547	**12,985**

Movements in borrowings during the year

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

Group	£'000
Balance at 1 January 2022	12,985
Funding drawdown	8,707
Interest expense	852
Fee amortisation	110
Repayments	(3,337)
Interest paid	(777)
Exchange differences	7
Balance at 31 December 2022	**18,547**

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**

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. 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.
- 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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade payables	529	380	28	5
Accruals	3,867	3,949	622	670
Other payables	1,636	103	-	-
Corporation tax	-	9	-	-
Other taxation and social security	603	706	284	353

VAT	206	145	-	-
	6,841	**5,292**	**934**	**1,028**

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 2022

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	24,161	24,161	-	-	24,161
Trade receivables	2,149	2,149	-	-	2,149
Other receivables	3,444	3,444	-	-	3,444
Cash and cash equivalents	10,273	10,273	10,273	-	-
	40,027	**40,027**	**10,273**	**-**	**29,754**
Financial liabilities not measured at fair value					
Borrowings	18,547	18,547	-	-	18,547
Trade, other payables and accruals	6,392	6,392	-	-	6,392
	24,939	**24,939**	**-**	**-**	**24,939**

31 December 2021

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 2022

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	54,835	54,835	-	-	54,835
Other receivables	94	94	-	-	94
Cash and cash equivalents	2,260	2,260	2,260	-	-
	57,189	**57,189**	**2,260**	**-**	**54,929**
Financial liabilities not measured at fair value					
Trade, other payables and accruals	934	934	-	-	934
	934	**934**	**-**	**-**	**934**

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**

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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	10,273	7,608	2,260	786
Loans and advances	24,161	16,133	-	-
Amounts owed by group undertakings	-	-	54,835	46,919
Trade and other receivables	5,593	4,958	138	144

Maximum exposure to credit risk	**40,027**	**28,699**	**57,233**	**47,849**

Loans and advances:

Collateral held as security

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Fully collateralised				
Loan-to-value* ratio:				
Less than 50%	800	2	-	-
50% to 70%	271	83	-	-
71% to 80%	500	192	-	-
81% to 90%	701	142	-	-
91% to 100%	-	-	-	-
	2,272	**419**	**-**	**-**
Partially collateralised				
Collateral value relating to loans over 100% loan-to-value	-	-	-	-
Unsecured lending	**21,943**	**15,718**	**-**	**-**

* 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.

				2022	2021
	Stage 1	Stage 2	Stage 3	Total	Total
Risk rating	£'000	£'000	£'000	£'000	£'000
Above average (risk rating 1-2)	11,035	-	-	11,035	5,274
Average (risk rating 3-5)	10,615	-	-	10,615	10,863
Below average (risk rating 6+)	1,041	1,481	43	2,565	-
Gross carrying amount	**22,691**	**1,481**	**43**	**24,215**	**16,137**
Loss allowance	(26)	-	(28)	(54)	(4)
Carrying amount	**22,665**	**1,481**	**15**	**24,161**	**16,133**

	Stage 1	Stage 2	Stage 3	Total
Gross Carrying Amount	£'000	£'000	£'000	£'000
As at 1 January 2022	16,136	-	-	**16,136**
Transfer to stage 1	(43)	-	43	**-**
Transfer to stage 2	(957)	957	-	**-**
Transfer to stage 3	-	-	-	**-**
Net Loans originated	8,079	524	-	**8,079**
As at 31 December 2022	**22,691**	**1,481**	**43**	**24,215**

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 (2021: £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 2022 (2021: £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 2022	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	10,273	10,273	-	-	-	-
Trade and other receivables	5,593	2,660	778	1,717	438	-
Loans and advances	24,161	2,785	1,020	3,616	15,954	1,249
	40,027	**15,718**	**1,798**	**5,333**	**16,392**	**1,249**
Financial Liabilities						
Trade payables, other payables and accruals	6,392	1,053	3,127	2,009	234	-
Borrowings	18,547	128	12	79	12,628	5,700
	24,939	**1,181**	**3,139**	**2,008**	**12,862**	**5,700**

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 54% (2021: 54%).

Statement of Financial Position	Vertus Capital		Vertus SPV1	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current assets	5,559	5,005	21,718	15,740
Non-current	69	5	-	-

assets				
Current liabilities	(373)	94	(21,725)	(15,746)
Equity attributable to owners of the Company	2,828	2,747	(3)	(3)
Non-controlling interests	2,426	2,357	(3)	(3)

Income Statement	Vertus Capital		Vertus SPV1	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Revenue	743	522	2,214	1,380
Expenses	(593)	(343)	(2,214)	(1,193)
Profit after tax	150	86	-	187
Profit after tax attributable to owners of the Company	81	46	-	100
Profit after tax attributable to the non-controlling interests	69	40	-	87

Cash Flow Statement	Vertus Capital		Vertus SPV1	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Net cash used in operating activities	(385)	(520)	(5,296)	(2,922)
Net cash generated from investing activities	302	224	-	-
Net cash generated from financing activities	-	488	5,425	2,839
Net (decrease)/increase in cash and cash equivalents	(83)	192	129	(83)

Non-controlling interest	Vertus Capital		Vertus SPV1	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Balance at 1 January	2,357	2,220	(3)	(95)
Share of profit for the year	69	40	-	87
Change in NCI due to share issuance in the year	-	97	-	5
Balance at 31 December	**2,426**	**2,357**	**(3)**	**(3)**

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

Statement of Financial Position	Bandana	
	2022 £'000	2021 £'000
Current assets	1	45
Current liabilities	(5,465)	(5,258)
Equity attributable to owners of the Company	(3,955)	(3,773)
Non-controlling interests	(1,510)	(1,440)

Income Statement	Bandana	
	2022 £'000	2021 £'000
Revenue	-	-
Expenses	(251)	(981)
Loss after tax	(251)	(981)
Loss after tax attributable to owners of the Company	(182)	(710)
Loss after tax attributable to the non-controlling interests	(69)	(271)

Cash Flow Statement	Bandana	
	2022 £'000	2021 £'000
Net cash from operating activities	-	-
Net increase in cash and cash equivalents	-	-

Non-controlling interest	Bandana	
	2022 £'000	2021 £'000
Balance at 1 January	(1,440)	(1,169)
Share of loss for the year	(69)	(271)
Balance at 31 December	(1,509)	(1,440)

The Group's effective ownership share of Satago Financial Solutions Limited ("Satago") at the reporting date is based on the net assets of the Satago Group at the reporting date, and the ownership waterfall following Lloyds Banking Group's £5m investment in Satago in April 2022.

Statement of Financial Position	Satago	
	2022 £'000	2021 £'000
Current assets	10,397	1,748
Non-current assets	617	631
Current liabilities	(927)	(291)
Equity attributable to owners of the Company	5,061	1,985
Non-controlling interests	5,026	103

Income Statement	Satago	
	2022 £'000	2021 £'000
Revenue	1,860	198
Expenses	(3,926)	(3,284)
Loss after tax	(2,001)	(3,086)
Loss after tax attributable to owners of the Company	1,910	(2,905)
Loss after tax attributable to the non-controlling interests	(91)	(181)

Cash Flow Statement	Satago	
	2022 £'000	2021 £'000
Net cash used in operating activities	(3,035)	(3,965)
Net cash (used in)/generated from investing activities	(2,498)	189
Net cash generated from financing activities	7,360	2,731
Net increase/(decrease) in cash and cash equivalents	1,827	(1,044)

Non-controlling interest	Satago	
	2022 £'000	2021 £'000
Balance at 1 January	103	294
Share of loss for the year	(91)	(181)
Arising from change in non-controlling interest	14	(10)
Equity Raise	5,000	-
Balance at 31 December	5,026	103

20. Acquisition of Subsidiaries

Magic Fuel

On 6 June 2022, the Group acquired a 100% equity interest in Magic Fuel Inc ("Magic Fuel").

Magic Fuel's financial year end date is 31 December 2022. Its results have been consolidated from the date of acquisition to 31 December 2022, in line with the Group's financial year end. The profit for the period from acquisition consolidated in the Group's accounts was £678,000. Had the acquisition taken place on 1 January 2022, the loss from Magic Fuel consolidated in the Group would have been £114,000. This amount includes transactions with other Group companies during the year.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition, are as follows:

	£'000
Net liabilities at acquisition	(47)
TruFin share of net liabilities	(47)
Goodwill arising on acquisition	
Total consideration	2,371
Less: fair value of identifiable net liabilities acquired	(47)
	2,417
Separately identifiable intangible assets	1,595
Goodwill net of separately identifiable intangible assets	822
Consideration satisfied by:	
Deferred consideration	1,196
Cash	1,175

In accordance with IFRS 3, we have recognised and measured the separately identifiable intangible assets acquired as part of the transaction. These have been valued at £1,595,000.

21. 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 2022	25
Lease recognised in year	276
Interest	12
Payments	(28)
Balance at 31 December 2022	285

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

22. 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:

	2022	2021
Number of shares (#)		

At year end	94,182,943	80,822,204
Weighted average	90,485,862	80,822,204
Earnings attributable to ordinary shareholders	**£'000**	**£'000**
Loss after tax attributable to the owners of TruFin plc	(6,637)	(7,071)
Adjusted earnings attributable to ordinary shareholders		
Loss after tax attributable to the owners of TruFin plc	(6,637)	(7,071)
Adjusted for share-based payment	-	70
Adjusted loss after tax attributable to the owners of TruFin plc	(6,637)	(7,001)
Earnings per share*	Pence	Pence
Basic and Diluted	(7.3)	(8.7)
Adjusted[1]	(7.3)	(8.7)

* All Earnings per share figures are undiluted and diluted.

Adjusted1 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.

23. Related party disclosures

Transactions with Directors

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

	2022 £'000	2021 £'000
Consultancy services provided by an ex-Director	-	21

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

During the year, Playstack 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 £525,000 (2021: £148,000).

24. Events after the Reporting Period

Since the year end, Satago has agreed to extend its agreement with Sage. Initially, Satago services were offered to UK based Sage 50 packages only, but this extension is to now include certain packages in Ireland.

Additionally, Satago signed a statement of work to embed Satago's invoice finance service into Sage 50 and the solution was launched during Q1 2023.