Our ESG Report

Culture and Environmental, Social and Corporate Responsibility Report

for the Year Ended 31 May 2023

Dear Shareholder

I am pleased to present the Culture and Environmental, Social and Corporate Responsibility Report for the year to 31 May 2023.

This report encapsulates what being a responsible business means to us – our purpose and values, where we have focussed our efforts for both our business and our local communities over the past year, and what we plan to do next in further embedding a proportional ESG mindset across the Group.

The last two to three years have brought a huge amount of change and degree of uncertainty both across the business and the wider country as a whole. We, as a Board, are proud of how our staff have responded and the position the business now finds itself in. It has reinforced our belief in the importance of working together in the interests of and for the benefit of all our customers, our employees, our shareholders and our local communities.

Culture

Our Purpose

Time Finance exists "*to help UK businesses thrive and survive*". The business is a non-bank, alternative finance provider, that supports UK small and medium sized businesses. We offer a multi-product range of flexible funding solutions, including Asset Finance, Invoice Finance and Commercial Loans. We aim to be the UK's preferred independent SME funder and we feel that our 'People First' approach and the resulting personal touch helps to really differentiate us from the competition.

Our Values

Our Values are at the very heart of our business. They underpin our culture and have also helped set our ESG strategy. As mentioned earlier in this report and accounts, our values are:

- We Put People First

We are a "people business", empowering all our colleagues to make a difference

- We Are Bold

We have the courage to do things differently and make the most of our opportunities

- We Are Flexible

We have a can-do attitude and take a commercial approach to business

- We Are Genuine

Integrity and transparency are at the heart of how we build trust and foster great relationships

We monitor and measure how we put these standards into practice through:

- regular, group-wide, celebrated staff recognition, often focusing on those demonstrating that they embody our values
- a bi-annual appraisal process for all staff which includes assessment of bringing our values to life
- open and transparent communication with our staff. This is through monthly "Team Talk" newsletters and regular, office-based "Town Hall" meetings. Employees are also encouraged to share their views and for managers to adopt an 'open door' policy
- review and feedback on our external TrustPilot score to establish what our clients think of our products and services and where we can look to improve

Our ESG Strategy

While financial services as a whole tends not to have a huge impact on the environment when compared to some industries, we are still very conscious of the environmental impact that our business does have. There is, therefore, a need for us to play our part in minimising our impact on the environment and in creating sustainable business practices wherever practical. We very much believe in "substance over form" and in making demonstrable undertakings rather than just adding soundbites.

We have chosen to align ourselves with the United Nations Sustainable Development Goals ("UN SGDs") and we will be looking to make progress against each of our chosen objectives. In following our substance over form mantra, we have decided to adopt and focus on four of the UN SDGs. These are the ones where we feel we can really help to make the biggest impact. These are numbers 4, 8, 11 and 12, namely Quality Education; Decent Work and Economic Growth; Sustainable Cities and Communities, and Responsible Consumption and Production. In real terms this means our focus will be on the training and development of our staff; on our systems and reporting; on increasing our community contributions, and on proactively managing our environmental footprint. Our ESG vision, therefore, focusses on:

- continually developing our staff and offering positive employment opportunities
- developing systems which allow our customers to deal with us in as easy and, where possible, environmentally friendly way as possible
- controlling our carbon footprint
- positively impacting the local communities near to our offices

Culture and Environmental, Social and Corporate Responsibility Report (continued)

To help deliver on these commitments we have recently created an internal ESG Committee. The Committee's focus is to help embed an appropriate and proportionate ESG mentality across the business by promoting environmental responsibility internally. The Committee is helping to devise and implement our ESG policy and will help to drive it forward year on year. A number of steps have already been taken with others planned for the near future. These are set out below:

Environmental

We are committed, wherever possible, to minimising the environmental impact of our business. Environmental initiatives that have already been put in place and are making a difference include:

- reducing printing levels and, therefore, the amount of paper used across our offices
- reducing the energy outputs across our offices. This includes moving our on-premises IT servers to cloud-based solutions and using LED lighting and motion sensitive lighting in our offices wherever possible
- implementing green travel options. These include reducing the travel impact of our commuting to work and reducing our business travel impact. This is being achieved through initiatives such as our group Cycle to Work scheme; adopting hybrid working arrangements in all of our offices, and, where appropriate, by replacing intra-office 'face to face' meetings with online meetings
- establishing green lending facilities with some of our funding partners. This enables us to provide funding for certain renewable assets
- encouraging increased recycling with the provision of recycling facilities in each of our offices
- reducing single use plastic through the provision of onsite drinking water dispensers
- planting trees across the UK for every employee and any future new joiners
- reducing the use of paper communications by defaulting our communications to email wherever possible
- further embedding new technology, e-sign, to enable us to move from 'wet' signature, hard copy legal documents to digital versions and so further reducing printing Future Environmental initiatives being put in place include:
- using recyclable paper in all our offices and further focusing on reducing the amount of paper printed
- working with our landlords to switch to green energy providers wherever possible
- launching a Salary Sacrifice Electric Car Scheme
- launching a Disposal of IT Equipment Policy

We will continue to further develop and hone the plan as we move forward.

Social

We are committed to providing a positive working environment for all our staff and to, wherever possible, positively impact the local communities surrounding our offices. The Group has:

- 130 employees, an increase of 2% in comparison to last year's 128
- Women make up 57% of our workforce and men 43% (consistent with last year's ratio of 56:44)
- The Leadership Team comprises 42% women and 58% men
- 13% of our employees are in the 17-26 age bracket, 29% are 27-36, 24% 37-46, 23% 47-56, 10% 55-64, and 1% are 65 and over

We have a strong belief in allowing our staff to develop, progress and have the opportunity to succeed. In doing so we try and look after their well-being; ensure they are safe and appropriately cared for; and that they work in an environment in which they are valued and respected. We hope our staff feel that they can really make a difference and are not simply a cog in a corporate machine. Our business itself also supports the wider community by providing funding solutions to small and medium sized businesses – the life-blood of the UK economy. In addition, through our various charity focused initiatives, we are also able to support a wide range of causes in a variety of ways including fundraising, volunteering and raising awareness at both a local and national level. Social initiatives that have already been put in place and are making a difference include:

- formalising hybrid working arrangements in all our offices for all our staff. We feel this helps the well-being of our staff, striking the right balance between the benefits of home working and the benefits of collaboration, idea sharing and face-to face interactions that are gained from working in an office-based environment

Culture and Environmental, Social and Corporate Responsibility Report (continued)

- focusing on the financial wellbeing of our staff. We have become a Living Wage Employer; offered fair, benchmarked pay reviews; supported all our staff with cost-of-living assistance; provided pension and life assurance; provided private medical insurance, and enrolled staff in annual bonus schemes to reward exceptional performance
- establishing a Social Committee to ensure regular and wide-ranging social events for any of our staff who wish to be involved in them
- holding our first company-wide strategy conference. This enabled all our staff to come together to celebrate their successes, share ideas and best practice, and further understand the strategy and plans of the Group
- regularly celebrating staff recognition for those excelling in a variety of fields
- embedding an open and transparent communication culture with the distribution of monthly all-staff “Team Talk” newsletters and the holding of office-based “Town Hall” meetings
- provision of funding solutions to some 11,000 UK businesses. This included essential support during the pandemic. After receiving accreditation for Government backed funding, this was through the provision of new funding to those businesses affected by the Covid-19 pandemic
- implementing annual Equality, Diversity and Inclusion training for all staff alongside additional Unconscious Bias training
- introducing a greater focus on vulnerable clients by supporting our staff in understanding the range of indications of actual and potential vulnerability, and the needs that can arise from these vulnerabilities
- continuing and expanding the excellent work of our Charity Committee, which was established in the previous year. This body is responsible for coordinating and driving forward our fundraising and volunteering initiatives. During the year we have supported many charities, both national and also local to our offices. These include the Starlight Children’s Foundation, Jackson’s Animal Rescue, SSAFA, Jessie May Children’s Hospice, and Breast Cancer Now
- supporting local schools and local youth sports teams. Work experience placements were offered for local children from secondary schools in Somerset, Merseyside and Cheshire; while sponsorship was made to under 13s and under 12s sports teams, including Cheshire and Somerset based football teams, a Greater Manchester based rugby league team, a Somerset based rugby union team and a Gloucestershire based table tennis team. Future Social initiatives being put in place include:
- launching an internal “Talent Leadership Programme” to recognise and further develop our next generation of leaders
- formalising the Vulnerable Customers policy to ensure that frontline staff have the skills to engage with these clients to understand their vulnerability, and embed an escalation process so that our staff are supported appropriately
- launching a charity volunteering day whereby staff will be able to volunteer at local charities near our offices should they wish to

Governance

Leading by example is a key tenant for us. In doing so we believe we show commitment to strong governance and high ethical standards.

Companies listed on AIM are required to adopt a recognised corporate governance code. We have adopted the Quoted Companies Alliance (“QCA”) code. Focusing on board composition, board effectiveness and accountability. This is explained further on page 26.

In respect of the governance aspect particularly relating to ESG, we continually strive for good business practice and we always try to do the right thing. It is the same with our staff, and they are encouraged to speak up and challenge the way we do things so that we can create open and honest relationships. All employees have a range of mandatory training sessions to complete through our HR and Compliance platforms, ensuring understanding across a broad spectrum of topics, many of which relate to ESG. Governance initiatives that have already been put in place and are making a difference include:

- establishing our ESG Committee to provide staff from within the Group with a voice and the ability to input into how our ESG strategy is embedded and should evolve
- only dealing with UK businesses as clients and in striving hard to ensure we comply with all the relevant legislation. This is the same with our tax status where all our income arises in the UK and we ensure that we meet all the obligations expected of us
- not working with industries where we believe making funds available to them may have a detrimental impact on the wider community. These include, amongst others, gambling, pornography and arms-dealing
- ensuring that we comply with our obligations under the Bribery Act 2010. This means we conduct our business in a way that is transparent and fair to all

Culture and Environmental, Social and Corporate Responsibility Report (continued)

- ensuring our clients feel confident that we will safeguard their data appropriately as we know data protection is extremely important to them. As such, we ensure we adhere to all current legislation
- focusing on Financial Crime to protect both our customers and our business. All our staff go through continual learning and development, so that they are up to speed with the latest rules and techniques in spotting Financial Crime. We are also involved in financial crime prevention within our industry so that we can help others in the wider financial services community to stop further criminal activity wherever possible

Future Governance initiatives being put in place include:

- Upskilling our staff by increasing training throughout the year and also when new staff are inducted
- Assessing the potential to enrol in the Women in Finance charter and work towards better representation, not only at board level but at each level within the Group

This report reflects the start of our ESG journey. All our developments are underpinned by the aim of, wherever possible, minimising any environmental impact we create as a business; providing as positive a place to work as is reasonably possible for all our staff; trying to positively impact the local communities around our offices where we can; and in leading by example from the top in holding ourselves to account in terms of strong governance and by operating to high standards.

James Roberts
Chief Financial Officer

Section 172 Statement and Stakeholder Engagement

for the Year Ended 31 May 2023

Section 172 ("s172") of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefits of its members as a whole. In doing this s172 requires a director to have regard, amongst other matters, to:

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

The Directors give careful consideration to the factors set out above in discharging their duties under s172. This includes the Board receiving regular training on their obligations as Directors from advisors and on an ongoing basis from the Company Secretary. Board Papers are also prepared with this in mind, ensuring Directors have all the relevant information required to enable them to properly reflect and consider the factors set out above in their decision making.

Our decisions

The key decisions, many of which were taken in light of the ongoing impact of the pandemic and the emerging wider macroeconomic environment challenges, made by the Board during the year were:

i. **Continued focus on a strengthened balance sheet with a focus on growing the more secured lending arms of the business and in reducing arrears.** This approach has seen significant growth in the Invoice Finance and Hard Asset parts of the business. Both areas operate in the more secured lending space and help drive a fall in bad debts. It is hoped an evermore robust balance sheet will increase shareholder value.

ii. **Diversifying from non-core consumer led parts of the business.** The financial year under review in this report saw the completion of the simplification of the business with the final divestment of any remaining non-core brokerage or consumer businesses. Management are now fully focussed on own-book lending to UK businesses.

Further detail on the medium-term strategy and the Board's decision-making that drives this, can be found in the Chair's Report, CEO's Report and CFO's Report on pages 9, 11 and 14 respectively, as well as the Strategic Objectives section within the Group Strategic Priorities on page 16.

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

Our employees

The business is committed to open and transparent communication with its staff. For more information about our people, please see the Culture and Environmental, Social and Corporate Responsibility Report on page 19.

Our customers, suppliers and investors

Focusing solely on providing commercial lending, our customers now fall into one distinct category, the business-to-business ("B2B") sector. We are committed to servicing this sector effectively with a network of dedicated broker or relationship managers working tirelessly to ensure that all parties are satisfied with the management of the relationship. We work with a number of key suppliers, primarily providers of IT, marketing support services and expert advisers. Each relevant function has dedicated staff who work closely with these suppliers to ensure the successful delivery of these services for both parties. In addition, we invest in our technology infrastructure to enable our customers and key suppliers to have a constantly improving experience with a view to becoming market-leading over time.

We adopted a more proactive policy with regards to our interactions with investors during the year. This approach will continue as we aim to foster an open and ongoing dialogue with shareholders throughout the year. Our Chair, CEO and CFO have and will continue to make themselves available to meet investors, as well as provide updates through investor presentations on the Investor Meet Company platform. Roadshows, presenting at shareholder events and the publication of regular RNS Reach updates augmented the standard programme throughout the year. We hope this will continue to help manage the expectations of shareholders and understand the motivation behind shareholder voting decisions whilst striving to make the right decisions as we navigate the macro-economic environment in which we operate. We continually aim to strike an appropriate balance between long-term shareholder value and short-term business needs.

Section 172 Statement and Stakeholder Engagement (continued)

Our communities and the environment

Whilst we have limited direct impact on the environment, we are mindful of our responsibility in this regard. To this end, a committee was established during the year under review to focus specifically on the ESG agenda and the impact the business has on these important areas. Further details can be found in the Culture and Environmental, Social and Corporate Responsibility report on page 19.

Our standards

Acting with integrity is one of our key pillars as we continually strive to maintain a high standard of business conduct. All our staff are trained thoroughly and are subject to rigorous continual professional development standards.

The Strategy section of the Annual Report on pages 8-24 was approved by the Board on 26 September 2023 and signed on its behalf by:

Tanya Raynes
Chair

Governance

"We welcome open and regular dialogue with our shareholders."

Chair's Introduction to Governance

for the Year Ended 31 May 2023

Dear Shareholder

On behalf of the Board, I am pleased to introduce our Corporate Governance Statement for the year ended 31 May 2023.

Corporate governance, the way in which companies are directed and controlled, is ultimately the responsibility of the Board. To achieve good governance, companies require an efficient and effective management framework that is accompanied by clear communication to promote confidence and trust. We believe that good corporate governance is vital to support long-term growth in shareholder value and, as such, the purpose of this section of the Annual Report is to set out our commitment to maintaining good corporate governance across the business.

Compliance with the QCA Corporate Governance Code

Companies listed on AIM are required to adopt a recognised code of corporate governance. We have adopted the Quoted Companies Alliance Corporate Governance Code ("QCA"). We believe that QCA is a pragmatic, principles-based tool that enhances our ability to explain our approach to corporate governance. We feel it is appropriate for the needs and circumstances of small and mid-sized quoted companies on a public market like ourselves.

QCA is based around a set of ten principles to which we must either comply or explain why we have chosen not to. The ten principles of the code are set out in the table on page 29 and I can confirm that, to the best of our knowledge, we are in compliance with the requirements and the table provides signposts to the relevant disclosures and explanations.

Shareholder engagement

An important part of QCA concerns engagement and communication with our shareholders. We welcome open and regular dialogue with our shareholders and the Investor Relations section of our website provides many useful reports and presentations highlighting how we have sought to do this.

In October 2022 we were pleased to be able to invite shareholders to attend our Annual General Meeting in person for the first time since 2019. This hiatus in physical attendance was due to the restrictions in place in both 2020 and 2021 which had arisen from the ongoing impact of Covid-19. It is our intention that this year we will adopt the same approach, giving shareholders the opportunity to attend the AGM face-to-face. I would, therefore, like to extend an invitation to all our shareholders to attend our AGM and to engage with the Board who will be in attendance.

Tanya Raynes
Chair

Governance Statement

for the Year Ended 31 May 2023

Board composition

The Board comprises the Non-Executive Chair, two independent Non-Executive Directors and two Executive Directors. Their biographies can be found on page 6.

There is a clear separation of the roles of Non-Executive Chair and Executive Directors. The Chair, Tanya Raynes, is responsible for the running of the Board and for ensuring that all Directors are fully informed of matters sufficient to make informed judgements. As Executive Directors, Ed Rimmer and James Roberts have responsibility for implementing the strategy agreed by the Board and managing the day-to-day running of the business. James also supports the Board, as Company Secretary, with compliance and governance matters. Ed and James are supported in their roles by the Leadership Team – a team of experienced leaders across the business (refer to page 7 for their biographies). The Board believes this is appropriate for the size and complexity of our business. The Board feel that the Non-Executive Directors are independent and experienced individuals with complementary skill sets. Members of the Board maintain membership of a number of professional bodies and ensure their skill sets are constantly developed (refer to page 6 for their biographies). The Nomination Committee is responsible for considering the make-up of the Board and identifies any succession planning requirements. No individual or group dominates the Board's decision-making processes.

All Directors of the Board are subject to ratification by the Shareholders at the first AGM following their appointment. Aside from the CEO, all Directors will then also stand for re-election by rotation at the AGM, with a minimum of one Director retiring each year, or one-third retiring each year in the case that there are more than two Directors subject to retirement by rotation (rounding down in the case that the number of relevant Directors is not a multiple of three).

The Role of the Board

The Board sets the strategic aims of the business and its values; provides the leadership required to put them into effect; supervises and constructively challenges management, who are responsible for the day-to-day running of the business; and reports to shareholders on their stewardship. The Board is also responsible for risk management, and we have set out our approach to this in the Principal Risks and Uncertainties section of the Group Strategic Priorities. This can be found on page 17.

The Board meets 10 times during each financial year with standard meetings lasting for approximately 3 hours. In addition to this, all Directors attend the Group's Annual General Meeting; additional meetings or conference calls are convened as and when required throughout the year. Members of the Board also chair or sit on the Board sub-committees and these each have their own time commitments.

Board effectiveness

The Chair annually reviews the contributions of Board members, with a focus on ensuring effectiveness and relevance. The Board will periodically review its effectiveness and performance as a unit to ensure that it is operating collectively in an efficient, informed, productive and open manner. The Board conducted an effectiveness review in the second half of 2022 considering topics such as Board composition and governance, Board operations, strategy, stakeholder relations and the performance of individual Directors and the various Board committees. The review concluded that the structure and governance, performance and investor relations approach was appropriate for a business of our size and complexity. One imminent change is that, following the decision of Ron Russell and Julian Telling to retire from the Board at the upcoming AGM, two new NEDs have been identified and have recently joined the board. Both Tracy Watkinson and Paul Hird will add a fresh perspective on the business and bring a wealth of relevant experience and skills to the Board.

Internal control

The business has appropriate policies on internal control and corporate governance. These exist in order to ensure that proper business records are maintained and reported on, which might reasonably affect the conduct of the business; monitoring procedures for the performance of the business are presented to the Board at regular intervals; budget proposals are submitted to the Board before the start of each financial year; accounting policies and practices suitable for the business' activities are followed in preparing the financial statements; and interim and annual accounts are prepared and submitted in time to enable the business to meet statutory filing deadlines. The business continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available. Given the size of the business, the Board continues to consider that the introduction of an internal audit function is not appropriate at this juncture.

Board committees

To assist in carrying out its duties, the Board has a number of committees, namely the Audit Committee, the Remuneration Committee, the Governance and Risk Committee, and the Nomination Committee. Each committee has formally delegated duties and responsibilities with written terms of reference. From time-to-time, separate committees may be set up by the Board to consider specific issues when the need arises. An explanation of the

Governance Statement (continued)

responsibilities and composition of the committees is set out below and the terms of reference can be downloaded from our website.

i. **Audit Committee:** The Audit Committee consists of Tanya Raynes (Chair), Ron Russell and Julian Telling. It has responsibility for ensuring that the financial performance of the Group is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors. Tracy Watkinson and Paul Hird will replace Julian Telling and Ron Russell on this committee from November 2023 onwards.

ii. **Remuneration Committee:** The Remuneration Committee consists of Julian Telling (Chair), Tanya Raynes and Ron Russell. The Remuneration Committee has responsibility for reviewing the ongoing appropriateness and relevance of remuneration policy and its application to the business; reviewing and approving the remuneration packages of the Executive Directors; the grant of share awards for Executive Directors and senior management; the outcome of prior long-term incentive awards, and in monitoring the level and structure of remuneration of the senior management. Tracy Watkinson and Paul Hird will replace Julian Telling and Ron Russell on this committee from November 2023 onwards.

iii. **Nomination Committee:** The Nomination Committee consists of Julian Telling (Chair), Tanya Raynes and Ron Russell. It has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, and in giving full consideration to succession planning. Tracy Watkinson and Paul Hird will replace Julian Telling and Ron Russell on this committee from November 2023 onwards.

iv. **Governance and Risk Committee:** The Governance and Risk Committee consists of Tanya Raynes (Chair), Julian Telling and Ron Russell. It has responsibility for reviewing internal control and risk management systems. Tracy Watkinson and Paul Hird will replace Julian Telling and Ron Russell on this committee from November 2023 onwards.

The following table shows the Directors' attendance at Board and Committee meetings during the year:

	Plc Board	Audit	Remuneration	Risk
T Raynes	10/10	2/2	1/1	2/2
JP Telling	10/10	2/2	1/1	1/2
R Russell	9/10	2/2	1/1	1/2
EJ Rimmer	10/10	1/2*	n/a	2/2*
JMA Roberts	10/10	2/2*	n/a	2/2*

Accountability and stakeholders

The Board considers the 2023 Annual Report and Financial Statements, taken as a whole, to be fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Details of how we do this is also explained in the Audit Committee Report at page 30.

How we comply with the QCA Corporate Governance Code

Robust governance processes ensure the Group continues to be compliant with recognised corporate governance standards, including the Senior Managers Certification Regime. Time Finance complies with the QCA and our Governance Statement.

* By invitation

Full details of how we comply can be found on our website www.timefinance.com/governance-statement with supplementary information detailed in this report (references are shown in the table below):

Deliver growth	
Governance principles	**Reference**
Principle 1: Establish a strategy and business model which promote long-term value for shareholders	• Chair's Report (page 9) • Group Strategic Priorities (page 16)
Principle 2: Seek to understand and meet shareholder needs and expectations	• Chair's Report (page 9)
Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success	• Group Strategic Priorities (page 16) • Section 172 Statement (page 23) • Culture and Environmental, Social and Corporate Responsibility Report (page 19)
Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation	• Group Strategic Priorities (page 16)
Maintain a dynamic management framework	
Principle 5: Maintain the Board as a well-functioning balanced team led by the Chair	• Chair's Report (page 9) • Governance Statement (page 27)
Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	• Chair's Report (page 9) • Group Strategic Priorities (page 16) • Section 172 Statement (page 23) Chair's Report
Principle 7: Evaluate Board performance based • on clear and relevant objectives, seeking • continuous improvement	(page 9) Governance Statement (page 27)
Principle 8: Promote a corporate culture that is based on ethical values and behaviours	• Culture and Environmental, Social and Corporate Responsibility Report (page 19) • Chair's Report (page 9) • Group Strategic Priorities (page 16) • Section 172 Statement (page 23) •
Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	Chair's Report (page 9) • Governance Statement (Page 27)
Build trust	
Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	• Group Strategic Priorities (page 16) • Section 172 Statement (page 23)

The Audit Committee Report

for the Year Ended 31 May 2023

I am pleased to present my report of the Audit Committee for the year ended 31 May 2023. The Audit Committee meets at least twice annually with the Group's Auditor (and as otherwise required), with the CEO and CFO attending part of the meetings by invitation. The Audit Committee met twice during the last financial year with full attendance. As Chair of the Audit Committee, in accordance with best practice, I also met separately with the audit partner to provide an opportunity for any relevant issues to be raised directly with me. The key findings of last year's audit were discussed, and plans put in place with a view to addressing the limited number of key areas of risk.

The main items of business considered by the Committee during the year included:

Re-appointment of external auditor

The Committee considers a number of areas when reviewing the external auditor appointment, namely their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity, and their remuneration. Moore were first appointed as the Group's external auditor in 2006 and conducted the audit of the Group's financial statements for the financial year to 31 May 2007. The audit partner is changed by rotation every 5 years with the last change of partner occurring December 2021. At the Annual General Meeting in October 2022, Moore were re-appointed for the financial year to 31 May 2023. Following the completion of this year's audit, the Committee has confirmed it is satisfied with the independence, objectivity and effectiveness of Moore and has recommended to the Board that the auditors be reappointed, and there will be a resolution to this effect at the forthcoming Annual General Meeting.

The Committee also monitors the provision of non-audit services by the external auditor. The breakdown of fees between audit and non-audit services is provided in Note 6 to the financial statements. As with the previous financial year, there were, again, no non-audit fees this year.

External audit process

The external auditor prepared a plan for its audit of the full year financial statements which, this year, was presented to the Committee in April 2023. The audit plan set out the scope of the audit, areas of significant risk for the external auditor to focus their work on and the audit timetable. This plan was reviewed and agreed by the Audit Committee. No major areas of concern were highlighted by the external auditor during the year; however, areas of significant risk and other matters of audit relevance were discussed.

Critical accounting judgements

The critical accounting judgements considered by the Committee during the year are set out in Note 2 to the financial statements. In consideration of these judgements, the Committee reviewed the recommendations of the finance function and received reports from the external auditors on their findings. These key judgements comprised the following:

- *Expected Credit Losses:* The Group recognises trade receivables and accrued income in the financial statements net of an estimated provision for impairment losses. This has been calculated using an expected credit loss methodology, in line with the guidance in IFRS 9 Financial Instruments, along with individual provisions for balances where management has specific concerns. The Committee has reviewed the basis for the calculation of the provision and the underlying assumptions (explained in Note 2 and also Note 29 Credit Risk Provision) and is satisfied that the provision is appropriately valued.
- *Goodwill impairment*: Management conducted a review of the carrying value of goodwill in the consolidated financial statements to determine whether there was any requirement for an impairment charge, in accordance with IAS 36 Impairment of Assets. Despite the improving results in the year, this remains an area of key focus for the Committee given the size of the balance. Having written-off the goodwill associated with the non-core vehicles division in the previous financial year and having reviewed the assumptions used in the calculation of carrying value, and the sensitivity analysis performed, the Committee was satisfied that sufficient headroom to the remaining carrying value of goodwill existed.

In summary, the Committee is satisfied that the judgements and estimates made by management are appropriate.

Going Concern

The Audit Committee has reviewed the going concern of the Group. The assessment includes detailed financial forecasts covering the Group's adopted strategy. The period considered by the forecasts is to the end of September 2024, being approximately 12 months from the date of signing of the 2023 Annual Report and Financial Statements. The key assumptions in the forecasts are a) number and size of own-book deals originated and b) the interest rates charged on these new deals. The going concern review also focuses on two key areas: the ability of the Group to fund the deals expected to be originated as well as meeting its debts as they fall due within its cash balances and funding facilities. In all of the scenarios the Group has modelled it remains within its funding covenants for the foreseeable future. The Directors, therefore, consider the going concern basis of accounting to be appropriate. Based on this review, the Committee has a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future and has concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

New and forthcoming accounting standards

There were no material new accounting standards adopted during the year.

Control framework

At present the Group does not have an internal audit function, but the Finance function conducts a programme of review of the financial controls operating within each of the businesses, identifying areas to be improved. The Committee believes that in view of the current size and nature of the Group's businesses, this approach is sufficient to enable the Committee to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business grows and evolves.

Tanya Raynes
Chair of the Audit Committee

The Remuneration Committee Report

for the Year Ended 31 May 2023

Dear Shareholder

I am pleased to present the report of Remuneration Committee for the financial year ended 31 May 2023.

This report provides a summary of the responsibilities of the Committee and details of the amounts earned in respect of the year ended 31 May 2023 by the Group's Directors. As such, the principals of the remuneration policy for the Group, as well as the rationale for any major decisions made by the Remuneration Committee during the year are set out below. This is intended to help investors assess and understand the remuneration policy in accordance with Group strategy.

The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities in establishing appropriate remuneration levels and incentive policies for Directors and key executives. This includes all share-based compensation. The remuneration of the Non-Executive Directors is approved by the Board of Directors who always act fairly and reasonably and in the best interests of the Company and its shareholders.

Remuneration Policy

The remuneration policy of the Group is:

- to provide a suitable remuneration package to attract, motivate and retain Executive Directors.
- to ensure all long-term incentive schemes for the Directors and Senior Management Team are aligned with the Shareholders' interests.

The Committee makes recommendations to the Board. No Director plays a part in any discussion about their own remuneration. The Remuneration Committee members are expected to draw on their experience to judge where to position the Group, relative to other similar companies' and other groups' rates of pay when considering remuneration packages for Executives. The Executive Directors have service contracts which provide for notice periods of twelve months. Each of the Non-Executive Directors has a service contract which provides for a notice period of three months.

Remuneration decisions

Basic salaries

For the last two years, since June 2021, CEO Ed Rimmer and CFO James Roberts' salaries have been set at £220,000 and £160,000 respectively. From 1 June 2023, these will increase by £5,000 each to £225,000 and £165,000 respectively. This is a rise of approximately 3%. The awarding of this increase is felt to be reasonable given the external inflationary pressures experienced over the last two years and given that it remains significantly lower than the average salary increases awarded to the Group's employees of 6% this year and the 5% last year. Ed Rimmer's salary remains at approximately 5 times the average basic salary of the Group's employees.

As regards the Non-Executive Directors, Tanya Raynes, Non-Executive Chair, received a pay rise from 1 June 2023. This increases her salary to £57,500 from £52,500 and reflects completion of her first full financial year in the role. Both Ron Russell and Julian Telling, having decided to step down from the Board after the upcoming AGM in November 2023, will not be receiving pay rises and remain on £28,000 and £34,000 respectively. The Group's two new Non-Executives, Tracy Watkinson and Paul Hird, have had their remuneration set at base salaries of £30,000 each.

Annual bonuses

The annual bonus for the period through to 31 May 2023 was assessed against financial performance targets. Given the significant overperformance of the Group in respect of Profit Before Tax to market expectations, where the initial market guidance was exceeded by approximately 45% and three profit upgrades were announced during the financial year, the threshold target was achieved and therefore both Ed Rimmer and James Roberts have been awarded a bonus payment. Ed Rimmer has been awarded £123,389 and James Roberts £89,739.

Directors' Detailed Remuneration

The table below shows the remuneration of the Directors in office at the end of the year:

	Salary	Pension Benefits		Bonus	2023 Total	2022 Total
EJ Rimmer	220	-	16	123	359	236
JMA Roberts	160	7	16	90	273	183
T Raynes	53	2	-	-	55	40
JP Telling	34	-	-	-	34	34
R Russell	28	-	-	-	28	28
	495	**9**	**32**	**213**	**749**	**521**

Directors' Share Interests

The table below shows the interests of the Directors in office at the end of the year in the share capital of the Company:

	As at 31 May 2023 number of ordinary shares	As at 31 May 2022 number of ordinary shares
Executives		
EJ Rimmer	**66,606**	-
JMA Roberts	**535,550**	448,999
Non-Executives		
T Raynes	**21,156**	-
JP Telling	**248,166**	222,166
R Russell	**11,322,788**	10,977,967

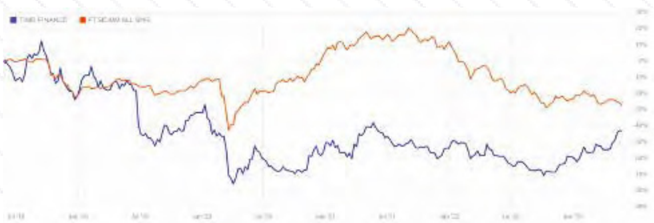
Directors' Share Options

Details of share options held by the Directors in office at the end of the year over the ordinary shares of the Company are set out below:

	Scheme	31 May 2022	Granted	Exercised	Cancelled	31 May 2023
JMA Roberts	Unapproved	247,000	-	123,500	-	**123,500**
EJ Rimmer	Unapproved	-	1,235,000	-	-	**1,235,000**

James Roberts' shares were issued as part of Unapproved 2020 Share Option Scheme. Ed Rimmer's were issued under the Unapproved 2022 Share Option Scheme. Further details are provided in Note 26 to the consolidated financial statements and on the Group's website.

Performance History



The market price of ordinary shares at 31 May 2023 was 28.50p (31 May 2022: 21.20p). The range during the year to 31 May 2023 was from 15.30p to 29.30p (year to 31 May 2022: 20.50p to 30.25p). The graph shows the percentage movement in the share price of Time Finance from 1 June 2018 to 31 May 2023 compared to the FTSE AIM All-Share index.

Recent Developments

There have been no further significant developments in the Executive remuneration since the financial year-end. As explained in last year's Annual Report and Financial Statements, both a cash bonus scheme and a medium-term incentive plan were established in July 2022. The details of which included:

- a cash bonus scheme for the Executive Directors in respect of the financial years ending 31 May 2023, 31 May 2024 and 31 May 2025. Each annual element being conditional upon the achievement of results above market expectations and capped at 100% of basic salary.
- a long-term incentive plan for members of the Group's senior management team. Under the scheme options over 1,835,000 shares were granted of which 1,235,000 were granted to Ed Rimmer and 600,000 to other senior staff within the Group. The awarded options vest in equal tranches over a three-year period subject to stretching annual performance conditions in excess of market expectations in respect of the Group's profitability.

It remains the expectation of the Remuneration Committee that all share options in place at year-end, should they vest, will be met from the Group's Employee Benefit Trust. As such, there should be no issuance of new shares and so no associated dilution of shareholders with regards the various share options schemes in place.

Conclusion

We are committed to a responsible and transparent approach in respect of the Executive Directors' pay. We continue to welcome any feedback from shareholders.

Julian Telling
Chair of the Remuneration Committee

Directors' Report

for the Year Ended 31 May 2023

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 May 2023.

Principal Activity

The principal activity of the Group in the year under review was that of providing financial services to UK businesses.

Results and Dividends

The Group's profit after tax for the year was £3.4m (2022: £0.9m). The Directors do not propose a final dividend (2022: 0.0p per share). Future dividends will be kept under review.

A review of the business, including future developments, is included in the Group Strategic Priorities on pages 16–18.

Events Since the End of the Year

Information relating to events since the end of the year is given in the Note 25 to the financial statements.

Directors

The Directors shown below have held office during the whole of the period from 1 June 2022 to the date of this report unless otherwise stated.

T Raynes	Non-Executive Chair
JP Telling	Non-Executive Director
R Russell	Non-Executive Director
TE Watkinson	Non-Executive Director (appointed 19 September 2023)
PGS Hird	Non-Executive Director (appointed 19 September 2023)
EJ Rimmer	Chief Executive Officer
JMA Roberts	Chief Financial Officer

The interest which the Directors serving at the end of the year had in the ordinary share capital of Time Finance plc at 31 May 2023 is disclosed in the Directors' Share Interests section within the Remuneration Committee Report on page 32. Details of the Directors' share options are provided in the Directors' Share Options section within the same report on page 33.

Financial Instruments

The Group's financial instruments comprise cash and liquid resources, including receivables and payables that are also financial instruments that arise directly from operations. The main purpose of the financial instruments is to fund the Group's operations. As a matter of policy, the Group does not trade in financial instruments, nor does it enter into any derivative transactions. Further details on financial instruments are given in Note 28 to these financial statements.

Directors' Insurance and Indemnities

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

Significant Shareholdings

The following parties held greater than 3% of the issued share capital of Time Finance plc at 31 May 2023:

	Number of shares	% of issued share capital
Arena Investors, LP	**18,425,000**	19.92
GPIM Limited	**16,997,431**	18.37
R Russell	**11,322,788**	12.24
Aeternitas Imperium Privatstiftung	**3,563,000**	3.85

Disclosure in the Strategic Report

Please refer to the Chief Executive Officer's Report, Chair's Report and Group Strategic Priorities.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with IFRS as adopted by the United Kingdom and applicable law. The financial statements must, in accordance with IFRS, present fairly the financial position and performance of the company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the United Kingdom
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

A number of areas are considered by the Audit Committee when reviewing the appointment and engagement of the external auditor, namely their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity, and remuneration. Following the completion of this year's audit, the Audit Committee has confirmed it is satisfied with the independence, objectivity and effectiveness of Moore and has recommended to the Board that the auditors be reappointed, and there will be a resolution to this effect at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J M A Roberts
Chief Financial Officer
26 September 2023

Asset Invoice Loans Vehicle

St James House, The Square, Lower Bristol Road, Bath, BA2 3BH.

www.timefinance.com