

Together Financial Services Limited

27th May 2022

Together Financial Services Limited ('Together' or 'the Group'), one of the UK's leading specialist mortgage and secured loan providers, is pleased to announce its results for the quarter ended March 31, 2022.

Commenting on today's results, Gerald Grimes, Group CEO Designate of Together, said:

"Together maintained its strong momentum into Q3, with new lending up 17.4% on the previous quarter and the loan book ending the period at a record high of £4.8bn, while maintaining a very conservative LTV of 51.7%. The group remains robustly profitable and cash generative, with underlying profit before tax of £41.3m and cash receipts of £456m during the quarter.

"We continued to shape our business for the future, delivering further improvements to our systems and to the experience for our customers and intermediaries, and we were very proud to receive a Business Moneyfacts award for Innovation in SME Finance to recognise our support for the development of social housing in the UK. We have also successfully increased the scale, diversity and maturity of our funding to support our growth plans. Since January we have raised or refinanced over £2.3bn, including refinancing our £1.25bn AA rated CABS securitisation and refinancing our LABS facility including upsizing by £200m to £700m whilst we recently also priced our £349m inaugural second charge only RMBS.

"The UK's economic outlook has become more uncertain as global supply chain disruption and increasing energy and non-energy inflation, intensified by the war in Ukraine, have led to a tightening of monetary policy and rising interest rates. Despite the economic uncertainty, with a multi-cycle track record, a clear purpose and strong diversified funding, Together remains well placed to help increasing numbers of customers realise their ambitions and to play our part in supporting the UK economy."

Financial performance: Quarter ended March 31, 2022

- Group loan book of £4.8bn, up 21.5% compared with £3.9bn at March 31, 2021, and up 8.0% compared with £4.4bn at December 31, 2021
- Weighted average indexed LTV remaining very conservative at 51.7% (Q3'21: 52.6%; Q2'22: 51.6%)
- Average monthly loan originations of £234.7m, up 87.1% compared with £125.4m in Q3'21 and up 17.4% when compared with £199.9m in Q2'22 as the Group continued to increase lending volumes
 - February and March 2022 saw consecutive record monthly loan originations of £237m and £263m respectively
 - Weighted average origination LTVs remain conservative at 60.3% (Q3'21: 59.7%; Q2'22: 61.4%)
- Interest receivable and similar income of £98.7m, up 9.8% compared with £89.9m in Q3'21, and up 3.5% compared with £95.3m in Q2'22 reflecting a growing loan book
- Underlying net interest margin¹ at 5.4%, compared with 6.3% in Q3'21 and 5.8% in Q2'22 reflecting certain non-recurring debt facility refinancing costs incurred in the current quarter and, moreover, increases in reference rates on variable rate borrowings during the period with increases in customer rates realised in the following period
- Annualised cost of risk remains low at 0.05% compared with 0.00% in Q3'21, and 0.03% in Q2'22 primarily as a result of strong performance in our loan book and continued growth in property values, offset in part by a deterioration in macroeconomic forecasts

¹ There are no exceptional items impacting upon net interest income recorded in the current quarter however in Q3'21, net interest income excluded £5.9m costs associated with the refinancing of 2024 SSNs.

- Underlying profit before tax² down 6.1% to £41.3m compared with £44.0m in Q3'21 and down 4.0% compared with £43.0m in Q2'22 owing primarily to the movement in underlying net interest margin
- Cash generation remains robust, with cash receipts of £456.0m, up 8.7% compared with £419.4m in Q3'21 and down 10.1% compared with £507.4m in Q2'22
 - The decrease in cash generation compared with Q2'22 is due primarily to some specific, higher redemptions in the prior quarter in our bridging loan book

Key metrics	Q3 2022	Q3 2021	Q2 2022
Interest receivable and similar income (£m)	98.7	89.9	95.3
Underlying interest cover ratio** ²	2.2:1	2.6:1	2.4:1
Interest cover ratio*	2.1:1	2.2:1	2.3:1
Underlying net interest margin** ³ (%)	5.4	6.3	5.8
Net interest margin** (%)	5.4	5.7	5.8
Underlying cost-to-income ratio** ² (%)	33.6	29.9	31.9
Cost-to-income ratio* (%)	39.6	30.0	36.5
Cost of risk** (%)	0.05	0.00	0.03
Underlying profit before taxation ² (£m)	41.3	44.0	43.0
Profit before taxation (£m)	37.5	39.8	40.1
Underlying EBITDA* ²	78.8	73.4	76.5
Loans and advances to customers (£m)	4,774.7	3,930.1	4,421.5
Net debt gearing (%)	78.1	75.8	76.9
Shareholder funds ⁴ (£m)	1,020.4	900.8	984.4
Underlying return on equity** ² (%)	13.7	16.7	15.6
Return on equity** (%)	12.5	15.2	14.6

*Calculation based on a 3 month period

** Calculation based on a 3 month period and annualised

Continued to shape business for an exciting future

- Progressing our technological change and transformation journey, to enhance our customer experience, drive agility and flexibility and set the business up for the next phase of its development
- Continued to work with our advisors and our shareholder to explore a range of strategic options in relation to our ownership structure
- Won Business Moneyfacts Award 2022 for Innovation in SME Finance Sector for Social Housing Funding

Further increased scale, diversity and maturity of funding

- £2.3bn raised or refinanced across 3 transactions since Jan'22
 - Mar'22: £1.25bn CABS facility successfully refinanced as CABS 2, extending its maturity from September 2023 to March 2027 with significantly improved commercial terms
 - Apr'22: after the period end, successfully refinanced LABS securitisation, upsizing facility from £500m to £700m with improved commercial terms and maturity extended from October 2023 to April 2026
 - May'22: after period end we priced our £349m inaugural second charge-only RMBS at a weighted average cost of 1.96% with an advance rate of 91.6%
 - Facility Headroom of £1,147.5m at March 31, 2022 (March 31, 2021: £1,304.3m) and accessible liquidity of £427.1m at March 31, 2022 (March 31, 2021: £403.8m)

² March 31, 2022 excluded £0.1m Share-based payment costs and £3.7m strategic review costs. Q3'21 excluded the effects of £0.1m redundancy costs along with £1.8m customer redress release and £5.9m costs associated with the refinancing of 2024 SSN whilst Q2'22 excluded £4.2m Share-based payment costs and releases of £1.3m customer redress provisions.

³ There are no exceptional items impacting upon net interest income recorded in the current quarter however in Q3'21, net interest income excluded £5.9m costs associated with the refinancing of 2024 SSNs.

⁴ Includes subordinated shareholder loans of £30.8m (Q3'21: £28.8m, Q2'22: £30.4m).

- Weighted average maturity of the Group’s funding profile was 3.9 years as at March 31, 2022 on amounts drawn

Ratings Update

- In January 2022, S&P revised the corporate rating outlook from Stable to Positive on Together Financial Services Limited whilst affirming their ‘BB-’ long-term issuer credit rating
- In March 2022, Fitch also affirmed the ‘BB-’ long-term issuer credit ratings of Together, along with their ‘Stable’ corporate rating outlook

Q3 2021/22 results presentation

Together will be presenting its Q3 2021/22 results via audio webcast today at **14:00 BST (9:00 EST)**, for the quarter ended March 31, 2022.

The presentation for analysts and investors is expected to last for approximately 30 minutes, followed by a Q&A.

The slides will be available on the Investor Relations website (<https://investors.togethermoney.com/>) ahead of the presentation.

The live audio webcast will be available via the following link:

<https://www.investis-live.com/together/627a614421a7260c0042870e/wrgqo>

The webcast will also be accessible via a live conference call:

- Access code: 623566
- From the UK: 020 3936 2999/ 0800 640 6441
- From outside the UK: +44 20 3936 2999

For further enquires please contact:

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About Together

One of the UK’s leading specialist lenders, Together has been making finance work to help our customers realise their ambitions for nearly 50 years.

A strong, diverse and financially inclusive lender, we support a wide range of underserved customers including the self-employed, those with more complex incomes, in later life or with thin or impaired credit, landlords and SME and business customers. We offer our customers a wide range of flexible lending products including short-

term finance, auction finance, residential, buy-to-let and commercial mortgages, secured loans and development finance.

Our expertise in lending means we can look beyond mainstream lending criteria to consider individual circumstances and treat each application on its own merits to help our customers solve problems and realise opportunities.

Together is the trading name of Together Financial Services Limited, which has its registered office address at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW.